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FOR IMMEDIATE RELEASE

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Panasonic Reports Fiscal 2016 Annual Results

Osaka, Japan, April 28, 2016 -- Panasonic Corporation (Panasonic [TSE:6752]) today reported its consolidated financial results for the year ended March 31, 2016 (fiscal 2016). The Company also reported its Parent-alone financial results for fiscal 2016.

Summary

1. Consolidated Financial Results

Yen (billions)

	Fiscal 2016 ended March 31, 2016	Fiscal 2015 ended March 31, 2015	Percentage 2016/2015
Net sales	7,553.7	7,715.0	98%
Domestic	3,601.8	3,692.0	98%
Overseas	3,951.9	4,023.0	98%
Operating profit *	415.7 5.5%	381.9 5.0%	109%
Income before income taxes	217.0 2.9%	182.5 2.4%	119%
Net income attributable to Panasonic Corporation	193.3 2.6%	179.5 2.3%	108%
Net income attributable to Panasonic Corporation, basic per common share per ADS	83.40 yen 83.40 yen	77.65 yen 77.65 yen	5.75 yen 5.75 yen
Net income attributable to Panasonic Corporation, diluted per common share per ADS	83.39 yen 83.39 yen	77.64 yen 77.64 yen	5.75 yen 5.75 yen

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

2. Number of consolidated companies: 475 (including parent company)

Number of associated companies under the equity method: 94

* For information about operating profit, see Note 1 of the Notes to consolidated financial statements on page 9.

2. Parent-Alone Financial Results

Yen (billions)

	Fiscal 2016 ended March 31, 2016	Fiscal 2015 ended March 31, 2015	Percentage 2016/2015
Net sales	3,782.3	3,852.4	98%
Domestic	2,626.5	2,681.1	98%
Export	1,155.8	1,171.3	99%
Operating profit	71.9 1.9%	83.0 2.2%	87%
Recurring profit	213.8 5.7%	190.2 4.9%	112%
Net income	3.7 0.1%	8.3 0.2%	45%
Net income, basic per common share	1.60 yen	3.58 yen	(1.98) yen
Net income, diluted per common share	1.60 yen	3.58 yen	(1.98) yen

**Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income (Loss)**

Consolidated Statements of Income

Yen (millions)

	Fiscal 2016 ended March 31, 2016		Fiscal 2015 ended March 31, 2015		Percentage 2016/2015
		%		%	%
Net sales	7,553,717	100.0	7,715,037	100.0	98
Cost of sales	5,339,999	70.7	5,527,213	71.6	
Gross profit	2,213,718	29.3	2,187,824	28.4	101
Selling, general and administrative expenses	1,798,009	23.8	1,805,911	23.4	
Operating profit *	415,709	5.5	381,913	5.0	109
Other income (deductions)	(198,661)	(2.6)	(199,457)	(2.6)	
Interest income	18,937	0.2	14,975	0.2	
Dividends received	1,574	0.0	1,466	0.0	
Interest expense	(17,007)	(0.2)	(17,566)	(0.2)	
Expenses associated with the implementation of early retirement programs **	(11,160)	(0.1)	(16,417)	(0.2)	
Other income (deductions), net	(191,005)	(2.5)	(181,915)	(2.4)	
Income before income taxes	217,048	2.9	182,456	2.4	119
Provision for income taxes	14,537	0.2	(1,981)	(0.0)	
Equity in earnings of associated companies	12,555	0.1	11,929	0.1	
Net income	215,066	2.8	196,366	2.5	110
Less net income attributable to noncontrolling interests	21,810	0.2	16,881	0.2	
Net income attributable to Panasonic Corporation	193,256	2.6	179,485	2.3	108

- Notes: 1. In other income (deductions), the Company incurred expenses associated with the implementation of early retirement programs of certain domestic and overseas companies.
2. In Other income (deductions), net, business restructuring expenses excluding expenses associated with the implementation of early retirement programs, mainly impairment losses, and legal costs are included.
3. In Provision for income taxes, recording deferred tax assets (DTA) for Panasonic Corporation (parent-alone) on a consolidated basis is included for fiscal 2016 and fiscal 2015.
4. Depreciation (tangible assets) 235,033 million yen 242,149 million yen
5. Capital investment 248,794 million yen 226,680 million yen
6. R&D expenditures 449,828 million yen 457,250 million yen
7. Number of employees 249,520 254,084

* ** See Notes to consolidated financial statements on page 9.

Consolidated Statements of Comprehensive Income (Loss)

Yen (millions)

	Fiscal 2016 ended March 31, 2016	Fiscal 2015 ended March 31, 2015	Percentage 16/15
Net income	215,066	196,366	% 110
Other comprehensive income (loss), net of tax:			
Translation adjustments	(163,824)	193,690	
Unrealized holding gains of available-for-sale securities	5,781	8,351	
Unrealized holding gains (losses) of derivative instruments	(1,545)	3,445	
Pension liability adjustments	(132,036)	68,027	
Subtotal	(291,624)	273,513	
Comprehensive income (loss)	(76,558)	469,879	--
Less comprehensive income attributable to noncontrolling interests	5,263	31,946	
Comprehensive income (loss) attributable to Panasonic Corporation	(81,821)	437,933	--

Information by Segment

Yen (billions)

	Fiscal 2016 ended March 31, 2016					Fiscal 2015 ended March 31, 2015		
	Sales	16/15	Segment Profit	% of Sales	16/15	Sales	Segment Profit	% of Sales
		%		%	%			%
Appliances	2,269.4	97	72.2	3.2	145	2,334.8	49.8	2.1
Eco Solutions	1,610.8	97	78.4	4.9	82	1,666.0	95.3	5.7
AVC Networks	1,169.8	101	74.7	6.4	144	1,154.3	51.8	4.5
Automotive & Industrial Systems	2,708.6	97	102.7	3.8	88	2,796.8	116.4	4.2
Other	661.4	87	16.1	2.4	111	764.5	14.6	1.9
Subtotal	8,420.0	97	344.1	4.1	105	8,716.4	327.9	3.8
Eliminations and adjustments	(866.3)	--	71.6	--	--	(1,001.4)	54.0	--
Consolidated total	7,553.7	98	415.7	5.5	109	7,715.0	381.9	5.0

Notes: 1. The Company's segments are classified according to a divisional company-based management system, which focuses on global consolidated management by each divisional company, in order to ensure consistency of its internal management structure and disclosure.

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

2. The figures in Eliminations and adjustments include earnings and expenses which are not attributable to any reportable segments, for the purpose of evaluating operating results of each segment, and consolidation adjustments (including amortization of intangible assets and differences of accounting principles).

Consolidated Balance Sheets

	March 31, 2016	March 31, 2015	Yen (millions) Difference
Current assets:	3,054,359	3,412,740	- 358,381
Cash and cash equivalents	1,014,264	1,280,408	- 266,144
Time deposits	146	18,470	- 18,324
Trade receivables:			
Notes	58,715	79,055	- 20,340
Accounts	787,033	937,986	- 150,953
Allowance for doubtful receivables	(22,196)	(24,947)	+ 2,751
Inventories	756,448	762,670	- 6,222
Other current assets	459,949	359,098	+ 100,851
Investments and advances	344,499	313,669	+ 30,830
Property, plant and equipment, net of accumulated depreciation	1,301,175	1,374,831	- 73,656
Other assets	896,949	855,707	+ 41,242
Total assets	5,596,982	5,956,947	- 359,965
Current liabilities:	2,380,900	2,732,800	- 351,900
Short-term debt, including current portion of long-term debt	21,728	260,531	- 238,803
Trade payables:			
Notes	230,065	236,970	- 6,905
Accounts	712,179	746,335	- 34,156
Other current liabilities	1,416,928	1,488,964	- 72,036
Noncurrent liabilities:	1,361,768	1,231,595	+ 130,173
Long-term debt	704,191	712,385	- 8,194
Other long-term liabilities	657,577	519,210	+ 138,367
Total liabilities	3,742,668	3,964,395	- 221,727
Panasonic Corporation shareholders' equity:	1,705,056	1,823,293	- 118,237
Common stock	258,740	258,740	--
Capital surplus	979,895	984,111	- 4,216
Retained earnings	1,165,282	1,021,241	+ 144,041
Accumulated other comprehensive income (loss)	(468,328)	(193,251)	- 275,077
Treasury stock, at cost	(230,533)	(247,548)	+ 17,015
Noncontrolling interests	149,258	169,259	- 20,001
Total equity	1,854,314	1,992,552	- 138,238
Total liabilities and equity	5,596,982	5,956,947	- 359,965

Note: Accumulated other comprehensive income (loss) breakdown:

	March 31, 2016	March 31, 2015	Yen (millions) Difference
Cumulative translation adjustments	(138,921)	11,858	- 150,779
Unrealized holding gains of available-for-sale securities	20,205	14,285	+ 5,920
Unrealized gains of derivative instruments	1,646	3,135	- 1,489
Pension liability adjustments	(351,258)	(222,529)	- 128,729

Consolidated Statement of Equity

Yen (millions)

Fiscal 2016 ended March 31, 2016	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Panasonic Corporation shareholders' equity	Noncontrolling interests	Total equity
Balances at beginning of period	258,740	984,111	1,021,241	(193,251)	(247,548)	1,823,293	169,259	1,992,552
Gain (loss) from sale of treasury stock			(2,893)			(2,893)		(2,893)
Cash dividends			(46,322)			(46,322)	(18,077)	(64,399)
Increase (decrease) mainly in capital transactions		(4,216)				(4,216)	(7,187)	(11,403)
Disclosure of comprehensive income (loss)								
Net income			193,256			193,256	21,810	215,066
Translation adjustments				(150,779)		(150,779)	(13,045)	(163,824)
Unrealized holding gains (losses) of available-for-sale securities				5,920		5,920	(139)	5,781
Unrealized gains (losses) of derivative instruments				(1,489)		(1,489)	(56)	(1,545)
Pension liability adjustments				(128,729)		(128,729)	(3,307)	(132,036)
Total comprehensive income (loss)						(81,821)	5,263	(76,558)
Repurchase of common stock, net					17,015	17,015		17,015
Balances at end of period	258,740	979,895	1,165,282	(468,328)	(230,533)	1,705,056	149,258	1,854,314

Fiscal 2015 ended March 31, 2015	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Panasonic Corporation shareholders' equity	Noncontrolling interests	Total equity
Balances at beginning of period	258,740	1,109,501	878,742	(451,699)	(247,132)	1,548,152	38,286	1,586,438
Gain (loss) from sale of treasury stock			(1)			(1)		(1)
Cash dividends			(36,985)			(36,985)	(22,244)	(59,229)
Increase (decrease) mainly in capital transactions		(125,390)				(125,390)	121,271	(4,119)
Disclosure of comprehensive income								
Net income			179,485			179,485	16,881	196,366
Translation adjustments				179,077		179,077	14,613	193,690
Unrealized holding gains of available-for-sale securities				8,258		8,258	93	8,351
Unrealized gains of derivative instruments				3,372		3,372	73	3,445
Pension liability adjustments				67,741		67,741	286	68,027
Total comprehensive income						437,933	31,946	469,879
Repurchase of common stock, net					(416)	(416)		(416)
Balances at end of period	258,740	984,111	1,021,241	(193,251)	(247,548)	1,823,293	169,259	1,992,552

Consolidated Statements of Cash Flows

	Yen (millions)	
	Fiscal 2016 ended March 31, 2016	Fiscal 2015 ended March 31, 2015
<u>Cash flows from operating activities</u>		
Net income	215,066	196,366
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	274,761	286,528
Net (gain) loss on sale of investments	(1,215)	(8,261)
(Increase) decrease in trade receivables	123,149	68,901
(Increase) decrease in inventories	(30,015)	5,993
Increase (decrease) in trade payables	(18,660)	6,509
Increase (decrease) in retirement and severance benefits	(41,397)	(40,634)
Other	(123,009)	(23,939)
Net cash provided by operating activities	398,680	491,463
<u>Cash flows from investing activities</u>		
Proceeds from disposals of investments and advances	9,623	43,625
Increase in investments and advances	(30,720)	(19,647)
Capital expenditures	(241,836)	(224,162)
Proceeds from disposals of property, plant and equipment	27,566	80,168
(Increase) decrease in time deposits	18,324	(18,470)
Other	(57,231)	478
Net cash used in investing activities	(274,274)	(138,008)
<u>Cash flows from financing activities</u>		
Increase (decrease) in short-term debt	3,391	(30,231)
Increase (decrease) in long-term debt	(251,572)	356,217
Dividends paid to Panasonic Corporation shareholders	(46,322)	(36,985)
Dividends paid to noncontrolling interests	(18,077)	(22,244)
(Increase) decrease in treasury stock	(107)	(417)
Other	4,656	(8,725)
Net cash provided by (used in) financing activities	(308,031)	257,615
Effect of exchange rate changes on cash and cash equivalents	(82,519)	76,871
Net increase (decrease) in cash and cash equivalents	(266,144)	687,941
Cash and cash equivalents at beginning of period	1,280,408	592,467
Cash and cash equivalents at end of period	1,014,264	1,280,408

Basic Accounting Policies:

Details related the basic accounting policies have been omitted, since no significant change is made from the latest Annual Securities Report filed on June 26, 2015.

Notes to consolidated financial statements:

1. In order to be consistent with generally accepted financial reporting practices in Japan, operating profit, a non-GAAP measure, is presented as net sales less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies. Please refer to the accompanying consolidated statement of operation and Note 2 for the U.S. GAAP reconciliation.

2. Under U.S. GAAP, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies and the impairment losses on goodwill and fixed assets would be included as part of operating profit in the statement of income.

3. Per share data (Years ended March 31)

	<u>2016</u>	<u>2015</u>
Net income attributable to		
Panasonic Corporation (millions of yen)	193,256	179,485
Average common shares outstanding		
(number of shares)	2,317,183,721	2,311,472,371
Net income attributable to		
Panasonic Corporation per share:		
Basic	83.40 yen	77.65 yen
Diluted	83.39 yen	77.64 yen

4. Assumption for going concern:

No significant doubt on the Company's ability to continue as going concern

5. Significant subsequent events:

Panasonic acquired all the shares of Hussmann Parent Inc. as of April 1, 2016.

Hussmann Parent is a parent company of Hussmann Corporation in the U.S.

Hussmann Corporation's business is manufacturing, developing, selling and servicing industrial refrigerated, freezer display cases and systems. Both Hussmann Parent Inc. and Hussmann Corporation and their subsidiaries became subsidiaries of Panasonic.

6. Number of consolidated companies as of March 31, 2016: 474

Number of associated companies under the equity method as of March 31, 2016: 94

7. Panasonic will voluntarily adopt International Financial Reporting Standards (IFRS) from its year-end financial results for fiscal 2017. Accordingly, the Company discloses its consolidated financial forecasts for fiscal 2017 based on IFRS.

Consolidated Financial Results

1. Fiscal 2016 ended March 31, 2016

A. Operating Results

	Yen (billions)		
	Fiscal 2016	Fiscal 2015	Percentage 2016/2015
Net sales	7,553.7	7,715.0	98%
Operating profit ¹	415.7	381.9	109%
Income before income taxes	217.0	182.5	119%
Net income attributable to Panasonic Corporation	193.3	179.5	108%

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

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

¹ For information about operating profit, see Note 1 of the Notes to consolidated financial statements on page 9.

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

Consolidated group sales for fiscal 2016 decreased by 2% to 7,553.7 billion yen from fiscal 2015 (a year ago). Domestic sales decreased year on year due mainly to sales decrease of solar photovoltaic systems for house-use, while sales in home appliances were stable. Overseas sales also decreased year on year due mainly to downsizing TV business to focus on profitability, while sales in BtoB solutions business increased. Operating profit increased by 9% to 415.7 billion yen from a year ago. The Company secured the profit increase year on year due mainly to fixed-cost reduction including restructuring benefit, streamlining of material-related process and improvements in the business structure, without sales expansion.

In Other income (deductions), the Company recorded business restructuring expenses including impairment losses, and some legal cost. Accordingly, Income before income taxes was 217.0 billion yen, increased by 19% from a year ago.

Net income attributable to Panasonic Corporation increased by 8% to 193.3 billion yen from a year ago. Deferred tax asset (DTA) of 132.8 billion yen was recorded to Panasonic Corporation (parent-alone) on a consolidated basis and provision for income taxes was decreased, since profitability improved this year and stability of profit improved by introducing the consolidated tax system in Japan.

B. Breakdown by Segment

Appliances

	Yen (billions)		
	Fiscal 2016	Fiscal 2015	Percentage 2016/2015
Sales	2,269.4	2,334.8	97%
Segment profit	72.2	49.8	145%

Sales decreased by 3% to 2,269.4 billion yen from a year ago due mainly to sales decrease in TV business as a result of downsizing marketing activities, while sales in home appliances were favorable in Japan. Segment profit increased to 72.2 billion yen from a year ago due mainly to profit improvement in TVs and sales increase in home appliances, offsetting the negative impact of exchange rate movement such as yen depreciation.

Eco Solutions

	Yen (billions)		
	Fiscal 2016	Fiscal 2015	Percentage 2016/2015
Sales	1,610.8	1,666.0	97%
Segment profit	78.4	95.3	82%

Sales decreased by 3% to 1,610.8 billion yen from a year ago due mainly to sales decrease in solar photovoltaic systems for house-use in Japan. Segment profit decreased to 78.4 billion yen from a year ago due to sales decrease in solar photovoltaic systems for house-use, although the Company strengthened its profit structure with streamlining of material-related process and business restructuring.

AVC Networks

	Yen (billions)		
	Fiscal 2016	Fiscal 2015	Percentage 2016/2015
Sales	1,169.8	1,154.3	101%
Segment profit	74.7	51.8	144%

Sales increased by 1% to 1,169.8 billion yen from a year ago. Sales decrease from last year's business restructuring was offset by sales increase in Vertical Solution Business and Visual and Imaging Business and positive impact from yen

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

Automotive & Industrial Systems

	Yen (billions)		
	Fiscal 2016	Fiscal 2015	Percentage 2016/2015
Sales	2,708.6	2,796.8	97%
Segment profit	102.7	116.4	88%

Sales decreased by 3% to 2,708.6 billion yen from a year ago due to negative impact from demand decline for ICT related business, and withdrawal and downsizing businesses, while the Company's sales for automobile industry increased led by favorable automobile sales in North America. Segment profit decreased to 102.7 billion yen from a year ago due mainly to sales decrease in Energy and Industrial Businesses and upfront investment towards future growth mainly for automotive and storage battery businesses.

Other

	Yen (billions)		
	Fiscal 2016	Fiscal 2015	Percentage 2016/2015
Sales	661.4	764.5	87%
Segment profit	16.1	14.6	111%

Sales decreased by 13% to 661.4 billion yen from a year ago. While sales in PanaHome Corporation increased due to favorable sales in high value-added products, multistory houses and apartment housing, and promotion of remodeling business, overall sales decreased due mainly to business transfers. Segment profit increased to 16.1 billion yen from a year ago due mainly to profit improvement in PanaHome Corporation.

C. Consolidated Financial Condition

Net cash provided by operating activities for fiscal 2016 amounted to 398.7 billion yen and net cash used in investing activities amounted to 274.3 billion yen. Free cash flow (net cash provided by operating activities plus net cash provided by

investing activities) decreased by 229.1 billion yen from a year ago to an inflow of 124.4 billion yen. This result is due mainly to the acquisition of shares of subsidiaries and associated companies as its strategic investment and increase in capital expenditures. In addition, the large-scale proceeds from business transfers and the disposals of investments in equity and property, plant and equipment were recorded a year ago. Net cash used in financing activities amounted to 308.0 billion yen, compared with an inflow of 257.6 billion yen a year ago due mainly to redemption of 240.0 billion yen straight bonds as total this year, while issuing 400.0 billion yen straight bonds as total a year ago. Taking exchange rate movement into consideration, cash and cash equivalents totaled 1,014.3 billion yen as of March 31, 2016, decreased by 266.1 billion yen compared with the end of the fiscal 2015.

The Company's consolidated total assets as of March 31, 2016 decreased by 360.0 billion yen to 5,597.0 billion yen from March 31, 2015 due mainly to decrease in cash and cash equivalents by redemption of straight bonds and decrease in account receivables in addition to yen appreciation, while deferred tax assets were recorded. The Company's consolidated total liabilities as of March 31, 2016 decreased by 221.7 billion yen to 3,742.7 billion yen from March 31, 2015 due mainly to redemption of straight bonds, while retirement and severance benefit increased due to its discount rate decrease. Panasonic Corporation shareholders' equity decreased by 118.2 billion yen, compared with March 31, 2015, to 1,705.1 billion yen due mainly to a significant decrease in accumulated other comprehensive income by worsening the cumulative translation adjustments due to yen appreciation and worsening pension liability adjustments due to its discount rate decrease, while net income attributable to Panasonic Corporation was recorded. Adding noncontrolling interests to Panasonic Corporation shareholders' equity, total equity was 1,854.3 billion yen.

2. Forecast for Fiscal 2017

The consolidated financial forecasts for fiscal 2017 (IFRS) as of April 28, 2016 are:

Sales: 7,600.0 billion yen

Operating profit: 310.0 billion yen

Income before income taxes: 300.0 billion yen

Net income attributable to owners of the parent company: 145.0 billion yen

Notes:

1. The consolidated financial forecasts for fiscal 2017 above are based on International Financial Reporting Standards (IFRS).
2. Operating profit includes business restructuring expenses of 17.5 billion yen.

3. Basic Policy on Appropriation of Retained Earnings

Since its foundation, Panasonic has managed its businesses under the concept that returning profits to shareholders is one of its most important policies. From the perspective of return on the capital investment made by shareholders, Panasonic, in principle, distributes profits to shareholders based on its business performance and is aiming for stable and continuous growth in dividends, targeting a dividend payout ratio of between 30% and 40% with respect to consolidated net income attributable to Panasonic Corporation. Regarding the repurchase of treasury stock, the Company is fundamentally repurchasing its own shares as it considers appropriate, taking comprehensively into consideration strategic investments and the Company's financial condition, with the aim of increasing shareholder value per share and return on capital. In view of this basic policy as well as its current financial position, Panasonic expects to pay an annual dividend of 25 yen per share for fiscal 2016, which includes the interim dividend of 10 yen per share paid on December 1, 2015 combined with a year-end dividend of 15 yen per share.

In fiscal 2016, the Company did not repurchase its treasury stock, except for acquiring shares of less than one trading unit and other minor transactions.

Management Policy

(1) Basic Policy for Corporate Management

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

(2) Corporate Management Strategies and Challenges

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

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

Panasonic revisits its strategy with "5 x 3 matrix" indicating five major businesses in three regions, which has applied up until now. The framework will be four business areas of Consumer Electronics, Housing, Automotive, and B2B, with Devices allocated to these business areas. The Company expects new sales growth in the Consumer Electronics, Housing, and Automotive businesses through

delivering value widely to end customers. In the B2B business, Panasonic will aim developing a highly profitable business structure by defining industries to engage and core products and regions to proceed its strategy with the aim of assisting its customers to enhance their competitiveness.

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

Individual businesses will be categorized into 1) low profitability business, 2) stable growth business, and 3) high-growth business, in accordance with the characteristics of businesses, such as business environment and competitiveness. The Company defines the best strategy for each business to execute.

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

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

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

1) Consumer Electronics business

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

2) Housing business

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

3) Automotive business

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

4) B2B business

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

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

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

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

Basic Policy of Adoption of Financial Reporting Standards

Panasonic will voluntarily adopt International Financial Reporting Standards (IFRS) from its year-end financial results for fiscal 2017 in place of U.S. GAAP.

By adopting group-wide common accounting rules, the Company will achieve high standardization of measures to control group companies, enhance corporate governance, and increase the corporate value by focusing on the cash flows.

Disclaimer Regarding Forward-Looking Statements

This press release includes forward-looking statements (that include those within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934), as amended about Panasonic and its Group companies (the Panasonic Group). Panasonic discloses its consolidated financial forecasts for fiscal 2017 based on International Financial Reporting Standards (IFRS). To the extent that statements in this press release do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this press release. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

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