PANASONIC Corp
Form 424B3
February 15, 2011
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Registration No. 333-171125

Prospectus

Panasonic Corporation

Exchange for Shares of Common Stock of SANYO Electric Co., Ltd.

The boards of directors of Panasonic Corporation (Panasonic) and SANYO Electric Co., Ltd. (SANYO) have agreed to a share exchange (the Share Exchange) between the two companies under the Company Law of Japan (the Company Law). Panasonic and SANYO have entered into a share exchange agreement (the Share Exchange Agreement) that sets forth the terms of the Share Exchange. Pursuant to the Share Exchange, each shareholder of SANYO will receive 0.115 shares of Panasonic s common stock for each share of SANYO s common stock that such shareholder holds. The terms of the Share Exchange (along with certain related matters) require approval by the shareholders of SANYO. The board of directors of SANYO has convened an extraordinary general meeting of shareholders to seek such approval.

Based on the number of shares of SANYO s common stock issued as of January 12, 2011, Panasonic expects to dispose of 2,425,474 own shares of its common stock in connection with the Share Exchange. Approximately 0.10% of those shares will be offered to shareholders of SANYO resident in the United States.

This document has been prepared for the shareholders of SANYO resident in the United States to provide detailed information in connection with the Share Exchange.

The date, time and place of the shareholders meeting of SANYO is expected to be Friday, March 4, 2011, at 10:00 a.m. (Japan Time), at The Main Hall in Umeda Arts Theater, 19-1, Chayamachi, Kita-ku, Osaka-City, Osaka, Japan.

To attend and vote at the shareholders meeting of SANYO, shareholders of SANYO must follow the procedures outlined in the convocation notice and the mail-in-ballot material which SANYO will send them.

The Share Exchange cannot be completed unless it is approved at the scheduled shareholders meeting of SANYO and certain other conditions are satisfied. The additional conditions and other terms of the Share Exchange are more fully described in this prospectus. For a discussion of these conditions, see The Share Exchange.

This document provides you with detailed information about the Share Exchange. It also provides you with important information about the shares of common stock of Panasonic to be transferred to SANYO shareholders in connection with the Share Exchange. You are encouraged to read this document in its entirety.

Panasonic shares are traded in yen on the Tokyo Stock Exchange, the Osaka Securities Exchange and the Nagoya Stock Exchange. Also, American Depositary Shares (ADSs), each representing one Panasonic share, are listed on the New York Stock Exchange (the NYSE) under the symbol PC. On February 9, 2011, the last reported sale price of Panasonic shares on the Tokyo Stock Exchange was ¥1,099 per share, and the last reported sale price of the ADSs on the NYSE was $13.34 per ADS.

You may have dissenters rights in connection with the transactions under Japanese law. See page 65 for a complete discussion of your dissenters rights, if any.

You should consider carefully the risk factors beginning on page 11 of this prospectus.

SANYO is not asking for a proxy and you are not required to send a proxy.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is February 14, 2011.

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REFERENCES TO ADDITIONAL INFORMATION

This prospectus is part of a registration statement on Form F-4, which includes additional important business and financial information about Panasonic and SANYO that is not included in or delivered with this prospectus. This information is available to you without charge upon written or oral request. If you would like to receive any of the additional information, please contact:

Masahito Yamamura Corporate Finance & IR Group Panasonic Corporation 1006, Oaza Kadoma Kadoma City, Osaka 571-8501 Japan Telephone: 81-6-6908-1121	Koji Honda Investor Relations Dept. SANYO Electric Co., Ltd. 5-5, Keihan-Hondori 2-Chome Moriguchi City, Osaka 570-8677 Japan Telephone: 81-6-6994-3480

IN ORDER TO OBTAIN TIMELY DELIVERY, YOU SHOULD REQUEST THE INFORMATION NO LATER THAN FEBRUARY 25, 2011, WHICH IS FIVE BUSINESS DAYS BEFORE YOU MUST MAKE A DECISION REGARDING THE SHARE EXCHANGE.

For additional information about Panasonic and SANYO, see Where You Can Find More Information.

As used in this prospectus, references to Panasonic are to Panasonic Corporation, references to SANYO are to SANYO Electric Co., Ltd. and references to PEW are to Panasonic Electric Works Co., Ltd., in each case on a consolidated basis except where the context otherwise requires. Also, references to the Share Exchange are to the proposed share exchange between Panasonic and SANYO, and references to the Panasonic-PEW Share Exchange are to the proposed share exchange between Panasonic and PEW.

As used in this prospectus, except where the context otherwise requires, references to the shareholders meeting of SANYO or to the meeting of SANYO shareholders are to the extraordinary general meeting of shareholders of SANYO that is scheduled to take place on March 4, 2011, at which SANYO s shareholders will vote on the terms of the Share Exchange and certain related matters. See Extraordinary General Meeting of SANYO Shareholders.

As used in this prospectus, dollar or $ means the lawful currency of the United States of America, and yen or ¥ means the lawful currency of Japan.

As used in this prospectus, U.S. GAAP means accounting principles generally accepted in the United States, and Japanese GAAP means accounting principles generally accepted in Japan.

In tables appearing in this prospectus, figures may not add up to totals due to rounding.

The year ended March 31, 2010 or fiscal 2010 refers to our fiscal year ended March 31, 2010 and other fiscal years are referred to in a corresponding manner.

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FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934) that reflect the plans and expectations of Panasonic in relation to, and the benefits resulting from, the proposed transactions described herein. To the extent that statements in this document do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of Panasonic 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 Panasonic s actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this document. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings with the U.S. Securities and Exchange Commission pursuant to the U.S. Securities Exchange Act of 1934 and its other filings.

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the United States, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which Panasonic operates businesses, or in which assets and liabilities of Panasonic are denominated; the possibility of Panasonic incurring additional costs of raising funds, because of changes in the fund raising environment; the ability of Panasonic 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 from alliances or mergers and acquisitions including the acquisition of all shares of PEW and SANYO through tender offers and share exchanges; the ability of Panasonic to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the possibility of not achieving the expected benefits from our midterm management plan; the ability of Panasonic to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of Panasonic; the possibility that Panasonic 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 Panasonic has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world and other events that may negatively impact business activities of Panasonic.

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QUESTIONS AND ANSWERS ABOUT THE SHARE EXCHANGE

Q. Why is Panasonic proposing the Share Exchange?

A. The Share Exchange is the final step in Panasonic s turning SANYO into a wholly-owned subsidiary. In order to implement a capital and business alliance with SANYO, Panasonic completed an initial tender offer for shares of SANYO s common stock and preferred stock in December 2009, and as a result of conversion of all shares of preferred stock into shares of common stock, Panasonic became the owner of 50.2% of SANYO s voting rights, and accordingly started consolidating SANYO in its financial statements. On July 29, 2010, Panasonic announced that it would acquire all shares of SANYO that it did not already own through a tender offer and, if necessary, a second-step share exchange, and SANYO announced that its board of directors endorsed the tender offer. On October 6, 2010, Panasonic completed the tender offer at a price of ¥138 per share and, as a result, increased its ownership percentage to approximately 81% of SANYO s voting rights. By turning SANYO into a wholly-owned subsidiary, Panasonic aims to speed up strategy execution and take further advantage of the total strengths of the Panasonic Group to effectively compete against global competitors.

Q. What will SANYO shareholders receive in the Share Exchange?

A. SANYO shareholders as of the moment immediately preceding the Share Exchange will receive 0.115 shares of Panasonic s common stock for each share of SANYO s common stock which they hold.

Q. Does the board of directors of SANYO recommend the Share Exchange?

A. Yes. The board of directors of SANYO unanimously recommends that shareholders vote for the Share Exchange.

Q. How will fractions of a share be treated in the Share Exchange?

A. SANYO shareholders will not receive any fractions of a share of Panasonic s common stock in the Share Exchange. Instead, the shares representing the aggregate of all such fractions (in case where such aggregated shares still include any fraction less than one share, such fraction shall be rounded off) will be sold in the Japanese market or sold to Panasonic and the net cash proceeds from the sale will be distributed to the former holders of SANYO shares on a proportionate basis in accordance with their respective fractions.

Q. How do the legal rights of Panasonic shares differ from those of SANYO shares?

A. There are no material differences between or among the rights of shareholders of Panasonic s common stock and SANYO s common stock from a legal perspective.

Q. When is the Share Exchange expected to be completed?

A. The Share Exchange is expected to be completed on April 1, 2011.

Q. How will trading in SANYO shares be affected in connection with the completion of the Share Exchange?

A. SANYO expects that its shares will be delisted from the Tokyo Stock Exchange and the Osaka Securities Exchange about three trading days before April 1, 2011.

Q. Will SANYO shareholders receive dividends on common stock for the year ending March 31, 2011?

A. No. SANYO shareholders will not receive dividends on common stock for the year ending March 31, 2011.

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Q. Can the number of shares of Panasonic s common stock for which the shares of SANYO s common stock are exchanged change between now and the time the transaction is completed?

A. No. The exchange ratio is fixed, and it will not change even if the trading price of Panasonic s or SANYO s common stock changes between now and the time the Share Exchange is completed. See Risk Factors beginning on page 11.

Q. What is the record date for voting at the shareholders meeting?

A. Holders of SANYO shares as of January 12, 2011 will be eligible to vote at the shareholders meeting expected to be held on March 4, 2011.

Q. How do I vote at the shareholders meeting?

A. You may exercise voting rights by mail-in-ballot or attending the meeting in person or through attorney-in-fact. SANYO will distribute materials to shareholders that will enable them to exercise their voting rights. Completed mail-in-ballots must be received at least one day before the shareholders meeting.

Q. May I change my vote?

A. Yes. If you want to change your vote expressed by mail-in-ballot, you must attend the meeting personally or through another shareholder you appoint as your attorney-in-fact, or send another mail-in-ballot dated a later date than the previous mail-in-ballot if SANYO redistributes mail-in-ballots. By attending the meeting in person you automatically revoke your mail-in-ballot.

Q. How will shares represented at the shareholders meeting by mail-in-ballots be treated?

A. The mail-in-ballots used for the shareholders meeting of SANYO will describe the proposals to be voted on by shareholders at the meeting, including approval of the Share Exchange. The mail-in-ballots will allow shareholders to indicate a for or against vote with respect to each proposal. In accordance with Japanese law and practice, SANYO intends to count toward the quorum requirements for its shareholders meeting the shares represented by mail-in-ballots that are returned without indicating a for or against vote for any of the proposals, and count these mail-in-ballots as having voted for the approval of the Share Exchange and other related proposals.

Q. Do I have dissenters rights?

A. Under the Company Law, you are entitled to dissenters rights of appraisal in connection with the Share Exchange if you comply with the procedures set forth in the Company Law and share handling regulations of SANYO. Any SANYO shareholder (i) who notifies SANYO prior to the shareholders meeting of his or her intention to oppose the Share Exchange, and who votes against the approval of the Share Exchange at the shareholders meeting, or (ii) who is not entitled to vote at such general meeting of shareholders, and complies with the other relevant procedures set forth in the Company Law, may demand that SANYO purchase his or her shares of SANYO s common stock at the fair value. The failure of a shareholder of SANYO who is entitled to vote at such general meeting of shareholders to provide such notice prior to the shareholders meeting or to vote against the approval of the Share Exchange at the shareholders meeting will in effect constitute a waiver of the shareholder s right to demand that SANYO purchase his or her shares of SANYO s common stock at the fair value.

Q. What are the Japanese tax consequences of the Share Exchange?

A. Based on certain assumptions and subject to certain limited exceptions, the Share Exchange is expected to be a tax-free transaction for Japanese tax purposes for holders of shares of SANYO s common stock who will be allotted shares of Panasonic s common stock. As such, non-resident holders of shares of SANYO s common stock will generally not recognize any gains or losses for Japanese tax purposes at the time of the Share Exchange. See Taxation Japanese Tax Consequences beginning on page 159.

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Q. What are the U.S. federal income tax consequences of the Share Exchange to U.S. holders of SANYO shares?

A. Panasonic expects that the Share Exchange to be a taxable event for U.S. federal income tax purposes. As a result, U.S. Holders will generally recognize a capital gain or loss measured by the difference between (i) the sum of (A) the fair market value (in U.S. dollars) of Panasonic s common stock received in exchange for their SANYO s shares and (B) any cash received in lieu of fractional shares of Panasonic s common stock, and (ii) their tax basis in the shares of SANYO s common stock they hold. Such capital gain or loss will be long-term capital gain or loss if, at the time of the exchange, their holding period in their shares of SANYO s common stock exceeds one year. For further discussion, see Taxation Material U.S. Federal Income Tax Consequences beginning on page 161.

Q. Is consummation of the Share Exchange conditioned upon successful execution of the Panasonic-PEW Share Exchange?

A. No. The Share Exchange is a transaction independent from the Panasonic-PEW Share Exchange and will be consummated, subject to necessary approvals and other conditions, whether or not the Panasonic-PEW Share Exchange actually occurs.

Q. Who can I call with questions?

A. If you have more questions about the Share Exchange, you should contact:

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Corporate Finance & IR Group

Panasonic Corporation

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Japan

Telephone: 81-6-6908-1121

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Investor Relations Dept.

SANYO Electric Co., Ltd.

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Japan

Telephone: 81-6-6994-3480

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SUMMARY

This summary highlights selected information from this document. It does not contain all the information that is important to you. You should read carefully the entire document to fully understand the Share Exchange.

Companies

Panasonic is one of the world s leading producers of electronics and electric products. Panasonic currently offers a comprehensive range of products, systems and components for consumer, business and industrial use based on sophisticated electronics and precision technology, expanding to building materials and equipment, and housing business. A consolidated subsidiary of Panasonic since December 2009, SANYO manufactures and sells products in three fields: energy (solar cells and rechargeable batteries), ecology (commercial equipment, home appliances and car electronics) and electronics (electronic devices and digital system devices). SANYO has developed these businesses globally.

Panasonic s principal executive offices are located at 1006, Oaza Kadoma, Kadoma City, Osaka 571-8501, Japan, and its telephone number is 81-6-6908-1121. SANYO s principal executive offices are located at 5-5, Keihan-Hondori 2-Chome, Moriguchi City, Osaka 570-8677, Japan, and its telephone number is 81-6-6991-1181.

The Share Exchange

The boards of directors of Panasonic and SANYO have agreed to the Share Exchange, to be approved by SANYO s shareholders at a shareholders meeting. Under the Share Exchange, each shareholder of SANYO registered as of the moment immediately preceding the Share Exchange will receive 0.115 shares of Panasonic s common stock for each share of SANYO s common stock that such shareholder holds. If the Share Exchange Agreement is approved by the shareholders of SANYO, and if the other conditions to completing the Share Exchange are satisfied, the Share Exchange is expected to become effective on April 1, 2011.

Notice of Meeting

To seek shareholders approval of the terms of the Share Exchange and certain other matters, the board of directors of SANYO has convened an extraordinary general meeting of shareholders. Under Japanese law, the notice of a general meeting of shareholders must be dispatched two weeks in advance to all shareholders of record having voting rights. SANYO will mail out its notices on such date as to be determined.

The affirmative vote of shareholders representing a two-thirds majority of the voting rights of the shareholders of SANYO represented at the shareholders meeting is required to approve the Share Exchange. Each shareholder is entitled to one vote per one unit of shares, which is comprised of 1,000 shares, subject to the limitation by the Unit share system. The required quorum for vote on the Share Exchange at the shareholders meeting is a one-third majority of the voting rights of the shareholders of SANYO who are entitled to exercise their voting rights.

The date, time and place of the meeting is expected to be Friday, March 4, 2011, at 10:00 a.m. (Japan Time), at The Main Hall in Umeda Arts Theater, 19-1, Chayamachi, Kita-ku, Osaka-City, Osaka, Japan.

Shareholders may attend the meeting in person or by proxy using a duly authorized power of attorney**,** or by mail-in-ballot.

At the meeting, you will be allowed to vote upon the terms of the Share Exchange approved by the boards of directors of Panasonic and SANYO.

Reasons for the Share Exchange

The business environment surrounding the Panasonic Group continues to change dramatically and rapidly. Thus, it is indispensable for the Panasonic Group to speed up strategy execution and take further advantage of the total strengths of the group in order to effectively compete against the competition and achieve business growth in new markets. As a result, Panasonic made a determination to turn both SANYO and PEW, which are both currently consolidated subsidiaries, into wholly-owned subsidiaries through simultaneous first-step tender offers and subsequent share exchanges.

Through ownership of all of the shares of both SANYO and PEW, Panasonic intends to dynamically accelerate, and to achieve further progress under its business plan by promoting rapid decision making and maximizing group synergies. Panasonic, PEW and SANYO intend to pursue the establishment of the new Panasonic Group, under which the three companies will be genuinely integrated, and will make efforts to (i) maximize value creation by strengthening contacts with customers, (ii) realize speedy and lean management, and (iii) accelerate business growth by boldly shifting management resources.

Furthermore, in order to realize these objectives, the Panasonic Group s business organization is scheduled to be restructured by around January 2012. From the perspective of maximization of customer value, the basic policy of such restructuring is to integrate and reorganize the business and marketing divisions of the three companies into three business sectors: Consumer, Components and Devices and Solutions, and to design optimal business models that are most suitable for the character of each business. In addition, the Panasonic Group will reorganize its current 16 domain companies into nine, based on these new business sectors and as described below. The Panasonic Group will make efforts to establish a business organization under which it can effectively compete against global competitors in each business and in each industry.

Currently, direction of the reorganization of each business sector is expected to be as follows:

Consumer business sector:
The Panasonic Group intends to reorganize its marketing function on a global basis, and reorganize its marketing divisions, including Japan, to a global consumer marketing division. Under the reorganization, the Panasonic Group intends to enhance the function of its frontline business and accelerate the creation of customer-oriented products. Also, the Panasonic Group intends to work to strengthen, among others, its overseas consumer business by strategically distributing its marketing resources in Japan and overseas.

The Panasonic Group expects that the consumer business sector will have two domain companies: (1) AVC networks and (2) heating/refrigeration/air condition and home appliances. The AVC networks domain company will focus on creation of new businesses with next-generation products, with a unified concept of business and technology. The heating/refrigeration/air condition and home appliances domain company will aim to be the leading green innovation company in the home appliances business, with a strong line-up ranging from consumer use to commercial use, and is expected to globally expand its business in personal care and health enhancing products and cooking appliances.

Components and Devices business sector:
The Panasonic Group intends to strengthen cooperation among the development, production and sales functions for each component and device having a common business model. By combining marketing

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and technology, the Panasonic Group intends to strengthen its proposal-style business, which foresees the potential needs of customers and aim to expand the business as an independent business that does not rely on internal needs. Particularly in this business sector, the Panasonic Group intends to continue to make maximum use of SANYO s strengths, such as its rechargeable batteries business and solar business, as well as its customer network.

Specifically, the Panasonic Group expects that the components and devices business section will have three domain companies: (1) automotives, (2) devices and (3) energy devices. These three domain companies are expected to cooperate in providing strategic customer services and conducting new sales development, with a department established for the purposes of such cooperation. The automotive domain company will aim to strengthen multimedia systems displays, create new growth markets such as EV and e-cockpit, and establish a robust Japanese market share for car navigation systems. The devices domain company will aim to develop new markets and customer with new products and technologies, and focus on environment and energy, healthcare and medical, material and devices, automotives and emerging markets. The energy devices domain company will aim especially to strengthen its lithium-ion battery and solar battery businesses.

Solutions business sector:

The Panasonic Group intends to unify the development, production and sales functions for each solution for business customers. The Panasonic Group aims to offer the most suitable products, services and solutions as quickly as possible, grasping customers needs in as timely a fashion as possible. In addition, the comprehensive solutions for the entire home, the entire building and the entire town that encompass these solutions will be accelerated. Particularly in this business sector, the Panasonic Group intends to continue to make maximum use of the strength and customer network of PEW.

Specifically, the Panasonic group expects that the solutions business sector will have four domain companies: (1) security and communication solutions, (2) environment and energy solutions, (3) healthcare and medical solutions, and (4) factory solutions. The security and communications solutions domain company will aim to provide network solutions with the Panasonic Group s comprehensive technologies, from fixed to wireless communications, including mobile phones. The environment and energy solutions domain company will focus on contributing to a comfortable eco-conscious lifestyle, and aim for unconventional growth through comprehensive solutions and sales, and effective collaboration with other domain companies. The healthcare and medical solutions domain company is expected to serve as a pillar of the next generation business and assist in providing simple and affordable healthcare service, including contributing to the robot business with products such as a robotic bed . The factory solutions domain company will aim to contribute to the progress and development of global society with manufacturing solutions, including the development of new businesses in mounting and circuit fabrication and welding, and laser technology.

In addition, the environment and energy domain company will lead the comprehensive solutions initiative, which will involve four steps: (1) offer a packaged series as a whole set to a specific space, (2) utilize network-packaged equipment, (3) have a vertical value chain business to offer coherent value from sales to customer services, and (4) create a unique comprehensive solutions business model. The goal is to create such a unique business model that combines vertical and horizontal value chains from the planning stage through participation in the smart city projects in the world.

In addition to the reorganization, the head office will aim for a lean and speedy global head office by strengthening its strategic functions, while integrating and streamlining the three companies organizations. The nine domain companies will be responsible for managing their businesses autonomously, while the new head office will focus on three functions: (1) develop a group-wide growth strategy, (2) establish group core competencies and (3) offer services beyond the domain companies capabilities. The new head office is expected

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to have a global head office to govern the Panasonic Group based on each functional classification and regional management companies based on each region. By organizing the head office with a focus on indispensable functions, the Panasonic Group believes that it will be able to create new local businesses and solve local issues.

Further, together with this reorganization, Panasonic Group intends to integrate its brands, in principle, into Panasonic in the future. However, Panasonic Group expects that SANYO will continue to be partially utilized, depending on the particular business or region.

Panasonic Group believes that the business reorganizations mentioned above will promote the integration of the three companies advantages and the proposal capabilities for comprehensive solutions, and will enable rapid increase in global competitiveness especially in the energy systems, heating/refrigeration/air conditioning and network AV business, which are core businesses to lead sales and profits of the entire group companies. Also, in each business such as healthcare, security, and LED, which is positioned as a key business for the next generation, Panasonic will make efforts to accelerate the growth of such business by combining the capacities of the three companies for research and development, as well as market development.

Additionally, Panasonic intends to realize further reinforcement of management structure and cost competitiveness through business integration and unification of the business bases of the three companies, and through optimizing and streamlining its head office organization.

No Solicitation of Proxies, Consents or Authorizations

SANYO s management is not soliciting proxies, consents or authorizations with respect to the Share Exchange prior to the extraordinary general meeting of shareholders.

Expiration of the Share Exchange Agreement

The Share Exchange Agreement shall cease to have any effect if, among others, the Share Exchange Agreement is not approved at the shareholders meeting of SANYO.

Dissenters Rights

Under Japanese law, you may have dissenters rights of appraisal in connection with the Share Exchange. See The Share Exchange Dissenters Appraisal Rights for a complete discussion of dissenters rights.

Material Tax Consequences

Japanese Taxation

Based on certain assumptions and subject to certain limited exceptions, the Share Exchange is expected to be a tax-free transaction for Japanese tax purposes for holders of shares of SANYO s common stock who will be allotted shares of Panasonic s common stock. As such, non-resident holders of shares of SANYO s common stock will generally not recognize any gains or losses for Japanese tax purposes at the time of the Share Exchange. See Taxation Japanese Tax Consequences.

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Material U.S. Federal Income Tax Consequences

Panasonic expects that the Share Exchange to be a taxable event for U.S. federal income tax purposes. As a result, U.S. Holders will generally recognize a capital gain or loss measured by the difference between (i) the sum of (A) the fair market value (in U.S. dollars) of Panasonic s common stock received in exchange for their SANYO s shares and (B) any cash received in lieu of fractional shares of Panasonic s common stock, and (ii) their tax basis in the shares of SANYO s common stock they hold. Such capital gain or loss will be long-term capital gain or loss if, at the time of the exchange, their holding period in their shares of SANYO s common stock exceeds one year. For further discussion, see Taxation Material U.S. Federal Income Tax Consequences beginning on page 161.

Accounting Treatment of the Share Exchange

The Share Exchange will be accounted for by Panasonic as equity transactions in accordance with U.S. GAAP. See The Share Exchange Accounting Treatment.

Risk Factors

In determining whether to vote to approve the Share Exchange, you should consider carefully the risk factors beginning on page 11 of this prospectus.

Trading Markets for Shares of Panasonic s Common Stock

Panasonic s common stocks are currently traded on the First Sections of the Tokyo Stock Exchange, the Osaka Securities Exchange and the Nagoya Stock Exchange. Also, American Depositary Shares, each representing one Panasonic share, are listed on the New York Stock Exchange.

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RISK FACTORS

Prior to making a decision on the Share Exchange, you should carefully consider, along with other matters set out in this prospectus, the following considerations:

Risks Relating to the Share Exchange

The exchange ratio for the Share Exchange is fixed and will not be adjusted to reflect changes in the market values of Panasonic s and SANYO s common stock; as a result, the value of Panasonic s common stock you receive in the transaction may be less than when you vote on the Share Exchange

Upon the completion of the Share Exchange, each share of SANYO s common stock will be exchanged for 0.115 shares of Panasonic s common stock. The ratio at which SANYO s common stock will be exchanged for Panasonic s common stock is fixed, and will not be adjusted for changes in the market prices of either company s common stock. Therefore, even if the relative market values of Panasonic s and SANYO s common stock change, there will be no change in the number of shares of Panasonic s common stock which shareholders of SANYO will receive in the Share Exchange.

Any change in the prices of either company s common stock occurring prior to the effective date of the Share Exchange will affect the value that holders of SANYO s common stock receive in the Share Exchange. The value of the Panasonic s common stock to be received in the Share Exchange (which will occur approximately one month after the extraordinary general meeting of shareholders) may be higher or lower than the indicative value as of the date of this prospectus and/or as of the date of the extraordinary general meeting of SANYO shareholders, depending on the prevailing market prices of Panasonic s and SANYO s common stock.

The share prices of Panasonic s and SANYO s common stock are subject to the general price fluctuations in the market for publicly traded equity securities and have experienced significant volatility in the past. Stock price changes may result from a variety of factors that are beyond the control of Panasonic and SANYO, including actual changes in, or investor perception of, Panasonic s and SANYO s businesses, operations and prospects. Regulatory developments, as well as current or potential legal proceedings, and changes in general market and economic conditions may also affect the stock price of Panasonic or SANYO.

You should obtain and review recent market quotations for Panasonic s and SANYO s common stock before voting on the Share Exchange. There can be no assurances as to the future market prices of Panasonic s and SANYO s common stock before the completion of the Share Exchange, nor of the market price of Panasonic s common stock at any time after the completion of the Share Exchange.

Significant costs and expenses have been and are being incurred in the course of the Share Exchange and the Panasonic-PEW Share Exchange and subsequent consolidation of the business operations of the three companies

Significant costs and expenses have been and are being incurred related to the transactions contemplated herein. These costs and expenses include financial advisory, legal and accounting fees and expenses, arrangement fees to financial institutions, reorganization and restructuring costs, severance/employee benefit-related expenses, filing fees, printing expenses and other related charges. There may be significant costs in compensating dissenting shareholders who exercise their appraisal rights. There may also be additional unanticipated significant costs in connection with the any subsequent reorganization which we may not recoup.

Turning PEW and SANYO into wholly-owned subsidiaries may not produce the benefits anticipated by Panasonic

Through turning PEW and SANYO into wholly-owned subsidiaries through the tender offers and share exchanges described herein, Panasonic aims to promote more rapid decision-making and maximize group synergies, including through a restructuring of Panasonic s business organization to be completed by around January 2012. However, in order to achieve such benefits, the operations of the three companies will need to be reorganized and their resources will need to be combined in a timely and flexible manner. There can be no assurance that Panasonic will be able to implement these steps as anticipated. For example, factors that could cause a delay in the implementation of these plans include negotiations with labor unions and the ability to integrate the Panasonic brand name. If Panasonic fails to achieve the planned restructuring effectively within the time frame that is currently contemplated or to the extent that is currently planned, or if for any other reason the expected group synergies fails to materialize, these transactions may not produce the benefits anticipated by Panasonic.

Risks Relating to the Business of Panasonic

Continued or further weakness in Japanese and global economies may cause reduced demand for Panasonic s products

Demand for Panasonic s products and services may be affected by general economic trends in the countries or regions in which Panasonic s products and services are sold. Economic downturns and resulting declines in demand in Panasonic s major markets worldwide may thus adversely affect Panasonic s business, operating results and financial condition. Triggered by the financial crisis in fiscal 2009, Panasonic s business environment rapidly deteriorated due to declines in global consumption and business activities and due to intensified price competition. Regarding the business environment for fiscal 2011, ending March 31, 2011, Panasonic currently anticipates market conditions to remain unpredictable due to various factors including the yen s appreciation and ever-intensified global competition, despite a gradually recovering global economy. Panasonic may incur increased costs for additional business restructuring in order to cope with the business environment. If global market conditions worsen beyond expectations, the business environment of Panasonic may deteriorate more than currently anticipated, which may adversely affect Panasonic s business, operating results and financial condition.

Currency exchange rate fluctuations may adversely affect Panasonic s operating results

Foreign exchange rate fluctuations may adversely affect Panasonic s business, operating results and financial condition, because its international business transactions and costs and prices of its products and services in overseas countries are affected by foreign exchange rate changes. In addition, foreign exchange rate changes can also affect the yen value of Panasonic s investments in overseas assets and liabilities because Panasonic s consolidated financial statements are presented in Japanese yen. Generally, an appreciation of the yen against other major currencies such as the U.S. dollar and the euro may adversely affect Panasonic s operating results. Meanwhile, a depreciation of the yen against the aforementioned major currencies may have a favorable impact on Panasonic s operating results. The global financial crisis, which occurred in 2008, caused the rapid appreciation of the yen against other major currencies, which adversely and significantly affected Panasonic s operating results in fiscal 2009 and fiscal 2010. Any further or continued appreciation of the yen may adversely affect Panasonic s business, operating results and financial condition.

Interest rate fluctuations may adversely affect Panasonic s financial condition, etc.

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

Continuation or deterioration of financial market turmoil may adversely affect Panasonic s ability to raise funds or may increase the cost of fund raising

Panasonic raises funds for its business through methods such as borrowing from financial institutions and issuance of bonds and commercial papers. Where, among other events, financial market turmoil continues or deteriorates, financial institutions reduce lending to Panasonic, or rating agencies downgrade Panasonic s credit ratings, Panasonic may not be able to raise funds in the time and amount necessary for Panasonic, or under

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conditions which Panasonic deems appropriate, and Panasonic may incur additional costs of raising funds, which may adversely affect Panasonic s business, operating results and financial condition.

Decreases in the value of Japanese stocks may adversely affect Panasonic s financial results

Panasonic holds mostly Japanese stocks as part of its investment securities. The value of such stocks has dropped significantly due to the world financial crisis and the recession of Japanese economy in fiscal 2009, causing Panasonic to record losses on valuation of its investment securities in fiscal 2009 and fiscal 2010. Further decreases in the value of stocks may cause additional losses due to decreases in the valuation of investment securities, thereby adversely affecting Panasonic s operating results and financial condition. The decrease in the value of Japanese stocks may also reduce stockholders equity on the balance sheet, as unrealized holding gains (losses) of available-for-sale securities are included as part of accumulated other comprehensive income (loss).

Competition in the industry may adversely affect Panasonic s ability to maintain profitability

Panasonic develops, produces and sells a broad range of products and therefore faces many different types of competitors, from large international companies to relatively small, rapidly growing, and highly specialized organizations. Panasonic may choose not to fund or invest in one or more of its businesses to the same degree as its competitors in those businesses do, or it may not be able to do so in a timely manner or even at all. These competitors may have greater financial, technological, and marketing resources than Panasonic in the respective businesses in which they compete.

Rapid declines in product prices may adversely affect Panasonic s financial condition

Panasonic s business is subject to intense price competition worldwide, which makes it difficult for Panasonic to determine product prices and maintain adequate profits. Such intensified price competition may adversely affect Panasonic s profits, especially in terms of possible decreases in demand. Amid accelerating changes in the structure of markets, such as a demand shift to emerging markets and lower-priced products, and market expansion of environmental and energy-related businesses, Panasonic s product prices in digital electronics and many other business areas may continue to decline significantly.

Panasonic s business is, and will continue to be, subject to risks generally associated with international business operations

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

Panasonic may not be able to keep pace with technological changes and develop new products or services in a timely manner to remain competitive

Panasonic may fail to introduce new products or services in response to technological changes in a timely manner. Some of Panasonic s core businesses, such as consumer digital electronics and key components and devices, are concentrated in industries where technological innovation is the central competitive factor.

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Panasonic continuously faces the challenge of developing and introducing viable and innovative new products. Panasonic must predict with reasonable accuracy both future demand and new technologies that will be available to meet such demand. If Panasonic fails to do so, it will not be able to compete effectively in new markets.

Panasonic may not be able to develop product formats that can prevail as de facto standards

Panasonic has been forming alliances and partnerships with other major manufacturers to strengthen technologies and the development of product formats, such as next-generation home and mobile networking products, data storage devices, and software systems. Despite these efforts, Panasonic s competitors may succeed in developing de facto standards for future products before Panasonic can. In such cases, Panasonic s competitive position, business, operating results and financial condition could be adversely affected.

Panasonic may not be able to successfully recruit and retain skilled employees, particularly scientific, technical and management professionals

Panasonic s future success depends largely on its ability to attract and retain certain key personnel, including scientific, technical and management professionals. Industry demand for skilled employees, however, exceeds the number of personnel available, and the competition for attracting and retaining these employees is intense. Because of this intense competition for skilled employees, Panasonic may be unable to retain its existing personnel or attract additional qualified employees to keep up with future business needs. If this should happen, Panasonic s business, operating results and financial condition could be adversely affected.

Alliances with, and strategic investments in, third parties, and mergers and acquisitions undertaken by Panasonic, may not produce positive or expected results

Panasonic develops its businesses by forming alliances or joint ventures with, and making strategic investments in, other companies, including investments in start-up companies. Furthermore, the strategic importance of partnering with third parties is increasing. In some cases, such partnerships are crucial to Panasonic s goal of introducing new products and services, but Panasonic may not be able to successfully collaborate or achieve expected synergies with its partners. Furthermore, Panasonic does not control these partners, who may make decisions regarding their business undertakings with Panasonic that may be contrary to Panasonic s interests. In addition, if these partners change their business strategies, Panasonic may fail to maintain these partnerships.

Panasonic is dependent on the ability of third parties to deliver parts, components and services in adequate quality and quantity in a timely manner, and at a reasonable price

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

Panasonic is exposed to the risk that its customers may encounter financial difficulties

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

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Panasonic may not be able to achieve all the targets of its midterm management plan

Panasonic is implementing a midterm management plan called Green Transformation 2012 (GT12), announced on May 7, 2010, which runs from fiscal 2011 to fiscal 2013. Under this plan, Panasonic aims to achieve an operating profit* to sales ratio of 5% or more, sales of 10 trillion yen, ROE of 10% and CO_2 emission reductions of 50 million tons (compared to the estimated amount of emission in fiscal 2013 assuming that no remedial measures were taken since fiscal 2006). However, Panasonic may not be successful in achieving all the targets or in realizing the expected benefits because of various external and internal factors including deterioration of the business environment and increased costs of business restructuring such as additional business reorganization, the impairment of fixed assets and employment adjustment in order to cope with the business environment.

* 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. Panasonic believes that this is useful to investors in comparing Panasonic s financial results with those of other Japanese companies.

Panasonic may be subject to product liability or warranty claims that could result in significant direct or indirect costs

The occurrence of quality problems due to product defects, including safety incidents, in Panasonic products could make Panasonic liable for damages not covered by product and completed operation liability insurance, whereby Panasonic could incur significant expenses. Due to negative publicity concerning these problems, Panasonic s business, operating results and financial condition may be adversely affected.

Panasonic may fail to protect its proprietary intellectual properties, or face claims of intellectual property infringement by a third party, and may lose its intellectual property rights on key technologies or be liable for significant damages

Panasonic s success depends on its ability to obtain intellectual property rights covering its products and product design. Patents may not be granted or may not be of sufficient scope or force to provide Panasonic with adequate protection or commercial advantage. In addition, effective copyright and trade secret protections may be unavailable or limited in some countries in which Panasonic operates. Competitors or other third parties may also develop technologies that are protected by patents and other intellectual property rights, which make such technologies unavailable or available only on terms unfavorable to Panasonic. Panasonic obtains licenses for intellectual property rights from other parties; however, such licenses may not be available at all or on acceptable terms in the future. Litigation may also be necessary to enforce Panasonic s intellectual property rights or to defend against intellectual property infringement claims brought against Panasonic by third parties. In such cases, Panasonic may incur significant expenses for such lawsuits. Furthermore, Panasonic may be prohibited from using certain important technologies or liable for damages in cases of admitted violations of intellectual property rights of others.

Changes in accounting standards and tax systems may adversely affect Panasonic s financial results and condition

Introduction of new accounting standards or tax systems, or changes thereof, which Panasonic cannot predict, may have a material adverse effect on Panasonic s operating results and financial condition. In addition, if tax authorities have different opinions from Panasonic on Panasonic s tax declarations, Panasonic may need to make larger tax payments than estimated.

Payments or compensation related to environmental regulations or issues may adversely affect Panasonic s business, operating results and financial condition

Panasonic is subject to environmental regulations such as those relating to climate change, air pollution, water pollution, elimination of hazardous substances, waste management, product recycling, and soil and

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groundwater contamination, and may be held responsible for certain related payments or compensation. Furthermore, if these regulations become stricter and an additional duty of eliminating the use of environmentally hazardous materials is imposed, or if Panasonic determines that it is necessary and appropriate, from the viewpoint of corporate social responsibility, to respond to environmental issues, the payment of penalties for the violation of these regulations or voluntary payment of compensation for consolation to parties affected by such issues may adversely affect Panasonic s business, operating results and financial condition.

Leaks of confidential information or trade secrets may adversely affect Panasonic s business

In the normal course of business, Panasonic holds confidential information mainly about customers regarding credit worthiness and other information, as well as confidential information about companies and other third parties. Such information may be leaked due to an accident or other inevitable cause, and any material leakage of confidential information may result in significant expense for related lawsuits and adversely affect Panasonic s business and image. Moreover, besides customer information, there is a risk that Panasonic s trade secrets, such as technology information, may be leaked by illegal conduct or by mere negligence of external parties, etc. If such is the case, Panasonic s business, operating results and financial condition may be adversely affected.

Governmental laws and regulations may limit Panasonic s activities, increase its operating costs or subject it to sanctions and lawsuits

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

Panasonic s facilities and information systems could be damaged as a result of disasters or unpredictable events, which could have an adverse effect on its business operations

Panasonic s headquarters and major facilities including manufacturing plants, sales offices and research and development centers are located in Japan. Panasonic also operates procurement, manufacturing, logistics, sales and research and development facilities all over the world. If major disasters, such as earthquakes, fires, floods, including those caused by climate change, wars, terrorist attacks, computer viruses or other events occur, or Panasonic s information system or communications network breaks down or operates improperly as a result of such events, Panasonic s facilities may be seriously damaged, or Panasonic may have to stop or delay production and shipment. Panasonic may incur expenses relating to such damages. In addition, if an infectious disease, such as a new highly-pathogenic flu strain, becomes prevalent throughout the world, Panasonic s manufacturing and sales may be materially disrupted.

External economic conditions may adversely affect Panasonic s pension plans

Panasonic has contributory, funded benefit pension plans covering substantially all employees in Japan who meet eligibility requirements. A decline in interest rates may cause a decrease in the discount rate on benefit obligations. A decrease in the value of stocks may also affect the return on plan assets. As a result, the actuarial loss may increase, leading to an increase in future net periodic benefit costs of these pension plans.

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Some long-lived assets may not produce adequate returns

Panasonic has many long-lived assets, such as plant, property and equipment, and goodwill, that generate returns. Panasonic periodically reviews the recorded value of its long-lived assets to determine if the fair value will be sufficient to support the remaining recorded asset values. If these long-lived assets do not generate sufficient cash flows, impairment losses will have to be recognized, adversely affecting Panasonic s results of operations and financial condition.

Realizability of deferred tax assets and uncertain tax positions may increase Panasonic s provision for income tax

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

Financial results and condition of associated companies may adversely affect Panasonic s operating results and financial condition

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

Risks Relating to Owning Panasonic s Common Stock and ADSs

Panasonic s shareholders of record on a record date may not receive the dividend they anticipate

The customary dividend payout practice and relevant regulatory regime of publicly listed companies in Japan may differ from that followed in foreign markets. Panasonic s dividend payout practice is no exception. While Panasonic regularly announces forecasts of annual and interim dividends in April or May of each year, these forecasts are not legally binding. The payment of annual or interim dividends requires a resolution of its board of directors. If the board adopts such a resolution, the dividend payment is made to shareholders as of the applicable record date, which is currently specified by its Articles of Incorporation as March 31, in the case of annual dividends, and September 30, in the case of interim dividends. However, the board usually does not adopt a resolution with respect to an annual dividend until after March 31 or with respect to an interim dividend until after September 30, respectively. Shareholders of record as of an applicable record date may sell shares in the market after the record date in anticipation of receiving a certain dividend payment based on the previously announced forecasts. However, since these forecasts are not legally binding and resolutions to pay dividends are usually not adopted until after the record date, Panasonic s shareholders of record on record dates for annual or interim dividends may not receive the dividend they anticipate.

Investors holding less than a unit of shares will have limited rights as shareholders

Pursuant to the Company Law and other related legislation, Panasonic s Articles of Incorporation provide that 100 shares of common stock constitute one unit. The Company Law imposes significant restrictions and limitations on holdings of shares that do not constitute whole units. In general, holders of shares constituting less than one unit do not have the right to vote or to examine Panasonic s books and records. The transferability of

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shares of Panasonic s common stock constituting less than one unit is significantly limited. For a more complete description of the unit share system and its effect on the rights of holders of Panasonic shares, see Description of Panasonic s Common Stock Unit Share System.

Rights of shareholders under Japanese law may be more limited than under the laws of other jurisdictions

Panasonic s Articles of Incorporation, Regulations of the Board of Directors, and the Company Law govern the corporate affairs of Panasonic. Legal principles relating to such matters as the validity of corporate procedures, directors fiduciary duties and liabilities, and shareholders rights may be different from those that would apply to a non-Japanese company. Shareholders rights under Japanese law may not be as extensive as shareholders rights under the laws of other countries or jurisdictions within the United States. You may have more difficulty in asserting your rights as a shareholder than you would as a shareholder of a corporation organized in another jurisdiction.

Because of daily price range limitations under Japanese stock exchange rules, you may not be able to sell your shares of Panasonic s common stock at a particular price on any particular trading day, or at all

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price fluctuation limits for each stock, based on the previous day s closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit may not be able to sell his or her shares at such price on a particular trading day, or at all.

It may not be possible for investors to effect service of process within the United States upon Panasonic or its directors, executive officers or corporate auditors, or to enforce against Panasonic or those persons judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States

Panasonic is a joint stock corporation organized under the laws of Japan. Almost all of Panasonic s directors, executive officers and corporate auditors reside outside the United States. Many of Panasonic s assets and the assets of these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for U.S. investors to effect service of process within the United States upon Panasonic or these persons or to enforce against Panasonic or these persons judgments obtained in the U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States. Panasonic believes that there is doubt as to the enforceability in Japan, in original actions or in actions to enforce judgments of U.S. courts, of liabilities predicated solely upon the federal securities laws of the United States.

ADS holders must act through the depositary to exercise these rights and have fewer rights than shareholders

The rights of shareholders under Japanese law to take actions, including exercising their voting rights, receiving dividends and distributions, bringing derivative actions, examining Panasonic s accounting books and records, and exercising appraisal rights, are available only to shareholders of record. Because the depositary, through its nominee, is the record holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with deposited shares. If shareholders choose to deposit shares allocated to them in the Share Exchange for ADS, the depositary will make efforts to exercise their voting rights underlying ADSs in accordance with the instructions of ADS holders, and will pay dividends and distributions collected from Panasonic. However, ADS holders will not be able to bring a derivative action, examine Panasonic s accounting books and records, or exercise appraisal rights through the depositary.

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SELECTED CONSOLIDATED FINANCIAL DATA OF PANASONIC

U.S. GAAP Selected Financial Data of Panasonic

The following selected consolidated statement of operations data for the years ended March 31, 2008, 2009 and 2010, and the selected consolidated balance sheet data as of March 31, 2009 and 2010, have been derived from Panasonic s audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statement of operations data for the years ended March 31, 2006 and 2007, and the selected consolidated balance sheet data as of March 31, 2006, 2007 and 2008 have been derived from Panasonic s audited consolidated financial statements not included in this prospectus. The selected consolidated statement of operations data for the six months ended September 30, 2009 and 2010, and the selected consolidated balance sheet data as of September 30, 2010 have been derived from Panasonic s unaudited consolidated financial statements included elsewhere in this prospectus. The selected consolidated balance sheet data as of September 30, 2009 have been derived from Panasonic s unaudited consolidated financial statements not included in this prospectus. You should read the following selected consolidated financial data in conjunction with Panasonic s consolidated financial statements and the information in Panasonic Management s Discussion and Analysis of Financial Condition and Results of Operations included in this prospectus. Panasonic has prepared its consolidated financial statements in accordance with U.S. GAAP.

	Yen (billions), except per share amounts						
	Fiscal year ended March 31,					Six months ended September 30,	
	2010	**2009**	**2008**	**2007**	**2006**	**2010**	**2009**
Statements of Operations Data:							
Net sales	7,418	7,766	9,069	9,108	8,894	4,368	3,333
Income (loss) before income taxes	(29)	(383)	435	439	371	145	(26)
Net income (loss)	(171)	(404)	311	248	153	84	(51)
Net income (loss) attributable to Panasonic Corporation	(103)	(379)	282	217	154	75	(47)
Per common share:							
Net income (loss) attributable to Panasonic Corporation:							
Basic	(49.97)	(182.25)	132.90	99.50	69.48	36.09	(22.63)
Diluted		(182.25)	132.90	99.50	69.48		
Dividends	12.50	40.00	32.50	25.00	17.50	5.00	5.00
	($0.13)	($0.40)	($0.33)	($0.21)	($0.15)	($0.06)	($0.06)
Balance Sheet Data:							
Total assets	8,358	6,403	7,444	7,897	7,965	8,964	6,809
Long-term debt	1,029	651	232	227	264	950	682
Total Panasonic Corporation shareholders equity	2,792	2,784	3,742	3,917	3,788	2,652	2,701
Common stock	259	259	259	259	259	259	259
Number of shares issued at year-end (thousands)	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053
Number of shares issued and outstanding at year-end (thousands)	2,070,605	2,070,642	2,101,117	2,146,284	2,209,532	2,070,330	2,070,622

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Notes:

1. Dividends per share reflect those paid during each fiscal year.
2. United States dollar amounts for dividends per share are translated from yen for convenience at the year-end exchange rate of each period.
3. Panasonic adopted the provisions of ASC 810, Consolidation and the presentations requirements for the financial statements have been adopted retrospectively and prior year amounts of net income (loss) have been reclassified to conform to the presentation used for fiscal 2010.
4. Diluted net income (loss), attributable to Panasonic Corporation common shareholders per share for fiscal 2010, and for the six months ended September 30, 2009 and 2010 have been omitted because Panasonic did not have potential common shares that were outstanding for these periods.

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SELECTED CONSOLIDATED FINANCIAL DATA OF SANYO

U.S. GAAP Selected Financial Data of SANYO

The following selected consolidated statement of operations data for the years ended March 31, 2009 and 2010, and the selected consolidated balance sheet data as of March 31, 2009 and 2010, have been derived from SANYO s audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statement of operations data for the years ended March 31, 2006, 2007 and 2008 and the selected consolidated balance sheet data as of March 31, 2006, 2007 and 2008 have been derived from SANYO s audited consolidated financial statements not included in this prospectus. The selected consolidated statement of operations data for the six months ended September 30, 2009 and 2010, and the selected consolidated balance sheet data as of September 30, 2010 have been derived from SANYO s unaudited consolidated financial statements included elsewhere in this prospectus. The selected consolidated balance sheet data as of September 30, 2009 have been derived from SANYO s unaudited consolidated financial statements not included in this prospectus. You should read the following selected consolidated financial data in conjunction with SANYO s consolidated financial statements and the information in SANYO Management s Discussion and Analysis of Financial Condition and Results of Operations included in this prospectus. SANYO has prepared its consolidated financial statements in accordance with U.S. GAAP.

	Yen (billions), except per share amounts						
	Fiscal year ended March 31,					For the six months ended September 30,	
	2010	2009	2008	2007	2006	2010	2009
Statements of Operations Data:							
Net sales*	1,494	1,647	1,853	N/A	N/A	748	734
Income (loss) from continuing operations before income taxes*	(29)	(27)	59	N/A	N/A	19	(29)
Income (loss) from continuing operations*	(41)	(32)	44	N/A	N/A	11	(36)
Net income (loss) attributable to SANYO	(49)	(93)	29	(45)	(206)	12	(37)
Per common share:							
Net income (loss) attributable to SANYO:							
Basic	(7.94)	(15.18)	4.67	(72.66)	(194.96)	1.88	(6.08)
Diluted		(15.18)	4.67	(72.66)	(194.96)		
Dividends							
Balance Sheet Data:							
Total assets	1,391	1,345	1,684	1,971	2,155	1,305	1,394
Long-term debt	324	305	271	335	494	260	435
Total SANYO stockholders equity	108	146	308	312	403	105	112
Common stock	322	172	172	172	172	322	209
Preferred stock		150	150	150	89		113
Number of shares issued at year-end (thousands)							
Common stock	6,158,053	1,872,338	1,872,338	1,872,338	1,872,338	6,158,053	2,937,562
Preferred stock		428,572	428,572	428,572	428,572		428,572
Number of shares issued and outstanding at year-end (thousands)							
Common stock	6,141,397	1,855,811	1,853,108	1,853,502	1,854,464	6,141,225	2,920,919
Preferred stock		428,572	428,572	428,572	428,572		322,049

*Note: Operational results of the semiconductor business classified as discontinued operations for the earliest two years of the five-year period have not been reclassified due to the unreasonable effort and expense necessary to disclose such information.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial statements have been prepared on a U.S. GAAP basis and give effect to the acquisition of all outstanding shares of SANYO through the tender offer and Share Exchange. These unaudited pro forma condensed consolidated financial statements are based on the acquisition method of accounting, after giving effect to the pro forma adjustments described in the accompanying notes. These unaudited pro forma condensed consolidated financial statements are also based on and derived from the historical U.S. GAAP consolidated financial statements of Panasonic, together with the related notes, which are included in this prospectus.

These unaudited pro forma condensed consolidated financial statements should be read in conjunction with (1) the historical U.S. GAAP consolidated financial statements, together with the related notes, of Panasonic included in this prospectus, and (2) the selected U.S. GAAP consolidated financial data of Panasonic included in this prospectus.

The unaudited pro forma condensed consolidated balance sheet as of September 30, 2010 gives effect to the tender offer and Share Exchange as if they had occurred on September 30, 2010. The unaudited pro forma condensed consolidated statement of operations gives effect to the tender offer and Share Exchange as if they had occurred at the beginning of the year ended March 31, 2010. In addition, the unaudited pro forma condensed consolidated financial statements give effect to the original acquisition of 50.2% voting rights and controlling interest in SANYO on December 21, 2009 as if the acquisition had occurred at the beginning of the year ended March 31, 2010.

The unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only. This information is not necessarily indicative of the operating results or financial position that might have occurred had the tender offer and Share Exchange occurred on the dates indicated, nor is it necessarily indicative of future operating results or financial position of Panasonic.

As a result of the tender offer and Share Exchange, Panasonic and SANYO will incur transaction costs, currently estimated at approximately 1,800 million yen in the aggregate, in connection with completing the transaction. These transaction costs are currently expected to consist principally of costs associated with issuance of new shares, as well as legal and accounting fees.

The unaudited pro forma condensed consolidated financial statements do not reflect the transaction costs described above or any additional unanticipated transaction costs to be incurred through the date of the tender offer and Share Exchange or thereafter, nor do they reflect any anticipated synergies or cost savings.

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PANASONIC CORPORATION AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 2010

	(yen in millions)				
	Historical	Pro Forma adjustments-tender offer (Note 2a)	Sub-total	Pro Forma adjustments-Share Exchange (Note 2b)	Pro Forma
Assets					
Current assets:					
Cash and cash equivalents	1,868,406	(261,023)	1,607,383		1,607,383
Time deposits	102,076		102,076		102,076
Trade receivables:					
Related companies	45,644				