

Fiscal 2013 Second Quarter and Six Months Financial Results

October 31, 2012
Panasonic Corporation
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*Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "fiscal 2013" or "FY13" refers to the year ending March 31, 2013. In addition, "fiscal 2013 six months" or "FY13 6M" refers to the period from April to September 2012.*

- This presentation contains consolidated financial results for the second quarter and the first six months ended September 30, 2012 of fiscal year 2013.
- The Company deeply regrets recording a significant loss and is sincerely sorry to its stakeholders, including the shareholders.

- 1. Worsening market conditions in digital consumer products* and economic slowdown in emerging countries contributed to a significant overall sales decline.**
- 2. Operating profit was almost in line with the original forecast due to significant fixed cost reductions.**
- 3. A significant net loss was recorded mainly as a result of impairment of goodwill and intangible assets as well as an increase in valuation allowances to deferred tax assets.**

* Digital products for consumers as well as devices and production facilities to be used for these products

Panasonic ideas for life

- The three main points are as shown here.
- Firstly, worsening market conditions in digital consumer products and economic slowdown in the emerging countries contributed to a significant overall sales decline.
- Secondly, while sales declined, operating profit was almost in line with the original forecast due to significant fixed cost reductions.
- Finally, a significant net loss was recorded mainly as a result of impairment of goodwill and intangible assets as well as an increase in valuation allowances to deferred tax assets.

- 1. Summary of second quarter and six months financial results**
- 2. Revision of full year forecasts for fiscal 2013**

- This section outlines the consolidated financial results for the second quarter and the first six months of fiscal 2013.

FY13 Six Months Results

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(yen: billions)

	FY13 6M (Apr. to Sept.)	FY12 6M (Apr. to Sept.)	vs. FY12 /difference	Original forecasts (May 11)
Domestic	1,878.2	2,036.4	-8%	-
Overseas	1,760.0	1,968.8	-11% (-7%)*	-
Sales	3,638.2	4,005.2	-9% (-8%)* -367.0	3,960.0
Operating profit	87.4 (2.4%)	47.6 (1.2%)	+84% +39.8	90.0
Pre-tax income / loss	-278.7 (-7.7%)	-159.3 (-4.0%)	- -119.4	60.0
Net income / loss**	-685.2 (-18.8%)	-136.2 (-3.4%)	- -549.0	15.0

* Real terms excluding the effects of exchange rates (unreviewed)

** Net income / loss attributable to Panasonic Corporation

Panasonic ideas for life

- Consolidated sales for the first six months totaled 3,638.2 billion yen, down by 9% compared with the previous year. In real terms, excluding the effects of exchange rates, consolidated sales decreased by 8%.
- Operating profit improved from last year, totaling 87.4 billion yen. However, significant losses of pre-tax and net income attributable to Panasonic Corporation were recorded as a result of large-scale business restructuring expenses and an increase in valuation allowances to deferred tax assets.

FY13 2nd Quarter Results (July to Sept.) 5

(yen: billions)

		FY13 2Q (July to Sept.)	FY12 2Q (July to Sept.)	vs. FY12/ difference	
	Domestic	956.1	1,068.8	-11%	
	Overseas	867.6	1,006.9	-14%	(-12%)*
Sales		1,823.7	2,075.7	-12%	(-11%)* -252.0
Operating profit		48.8 (2.7%)	42.0 (2.0%)	+16%	+6.8
Pre-tax income / loss		-316.5 (-17.4%)	-141.9 (-6.8%)	-	-174.6
Net income / loss**		-698.0 (-38.3%)	-105.8 (-5.1%)	-	-592.2

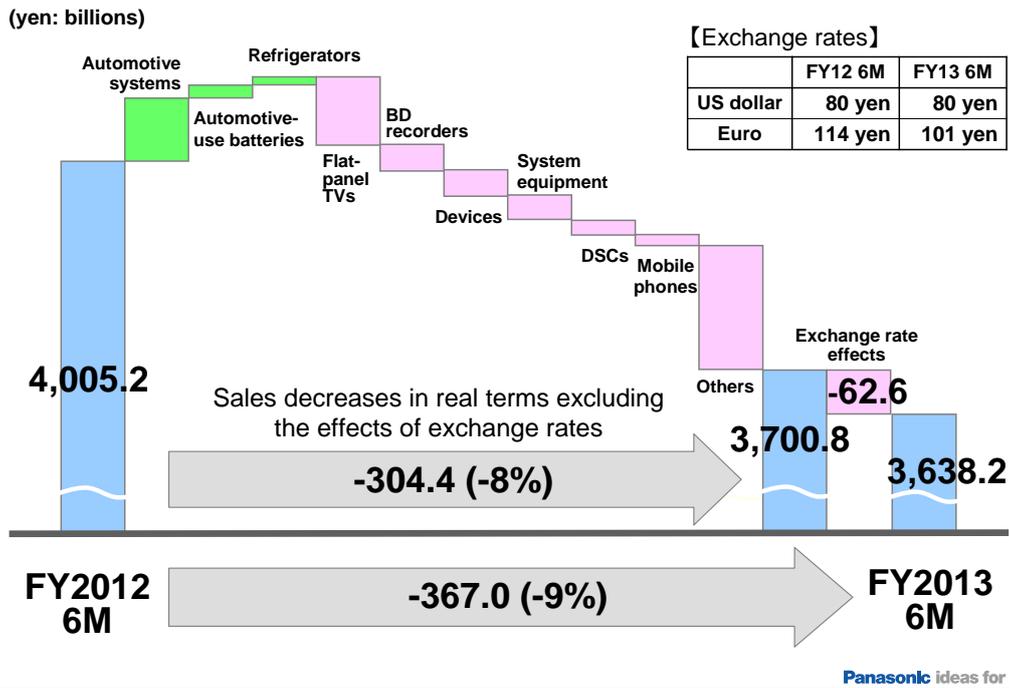
* Real terms excluding the effects of exchange rates (unreviewed)

** Net income / loss attributable to Panasonic Corporation

Panasonic ideas for life

- Next, financial results for the second quarter (July to September) in fiscal 2013. Both sales and profits showed almost the same trend as the first six months results.

FY13 6M Sales Analysis by Products (vs. FY12 6M) 6



- The first six months sales decreased by 367.0 billion yen compared with the previous year. In real terms, sales decreased by 304.4 billion yen, excluding the exchange rate effects of 62.6 billion yen.
- By product, sales declines in digital consumer products such as flat-panel TVs and BD recorders contributed to the overall sales decline.

FY13 6M Global Sales by Region

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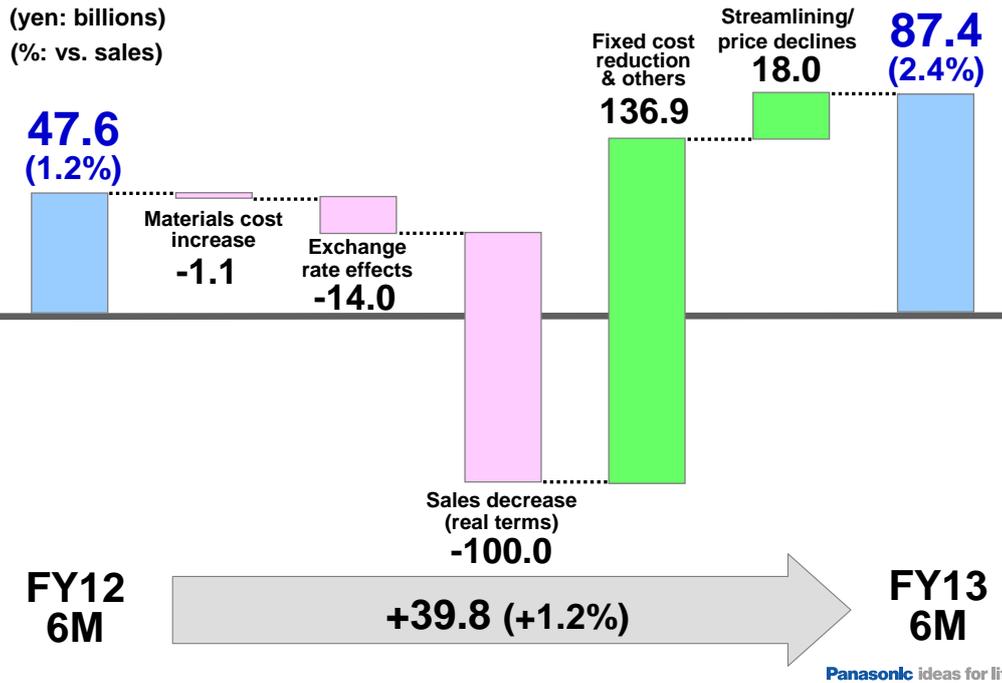
(yen: billions)

	Sales	vs. FY12		Sales proportion by region (vs. FY12)	
		Yen basis	Local currency basis		
Japan	1,878.2	-8%	-	52%	(+1%)
Americas	486.6	+1%	+3%	13%	48% (-1%)
Europe	320.4	-17%	-7%	9%	
Asia	438.4	-15%	-11%	12%	
China	514.6	-12%	-12%	14%	
Total	3,638.2	-9%	-8%	100%	

Panasonic ideas for life

- Next, global sales by region.
- Although sales in Americas increased, sales in all the other overseas regions decreased.
- In China, boycotts of Japanese products are a concern for the future.

FY13 6M Operating Profit Analysis (vs. FY12 6M) 8



- This chart shows the operating profit analysis compared with the previous year.
- Profitability worsened by 100.0 billion yen as a result of sales declines. However, operating profit increased by 39.8 billion yen due to reductions in fixed costs, including benefits from last year's restructuring. Streamlining in material costs which exceeded price declines also contributed to enhanced profitability.

(yen: billions)

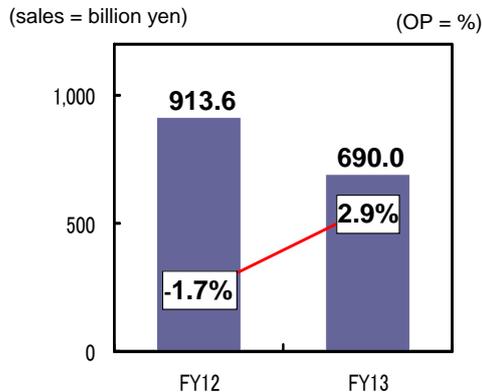
	6M (Apr. to Sept.)			
	Sales	vs. FY12		Operating profit/loss
		vs. FY12		
AVC Networks	690.0	-24%	19.9	+35.6
Appliances	814.0	+2%	51.0	-1.8
Systems & Communications	357.3	-12%	-10.0	-3.4
Eco Solutions	740.3	±0%	18.6	-0.8
Automotive Systems	382.7	+38%	8.7	+8.0
Industrial Devices	693.6	-8%	17.9	+18.5
Energy	292.5	-5%	2.8	+12.6
Other	698.3	-29%	9.4	-5.3
Subtotal	4,668.7	-10%	118.3	+63.4
Corporate and eliminations	-1,030.5	—	-30.9	-23.6
Consolidated Total	3,638.2	-9%	87.4	+39.8

Panasonic ideas for life

- Next, segment analysis.
- Only sales in Appliances and Automotive Systems segments increased from the previous year.
- Profit improvements due to benefits from last year's restructuring in AVC Networks and Industrial Devices led to overall operating profit increase.
- Next, all segment analyses are based on the first six months results and business expectations in the second half are also stated in each segment.

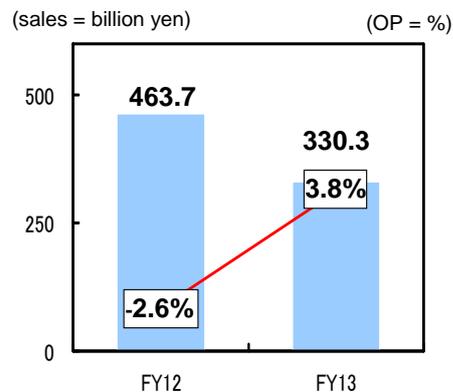
**Profitability improved due to restructuring benefits
and fixed cost reductions.**

6M (Apr. to Sept.)



**Sales : 690.0 (vs. FY12: -24%)
OP : 19.9 (2.9%)**

2Q (July to Sept.)



**Sales : 330.3 (vs. FY12: -29%)
OP : 12.5 (3.8%)**

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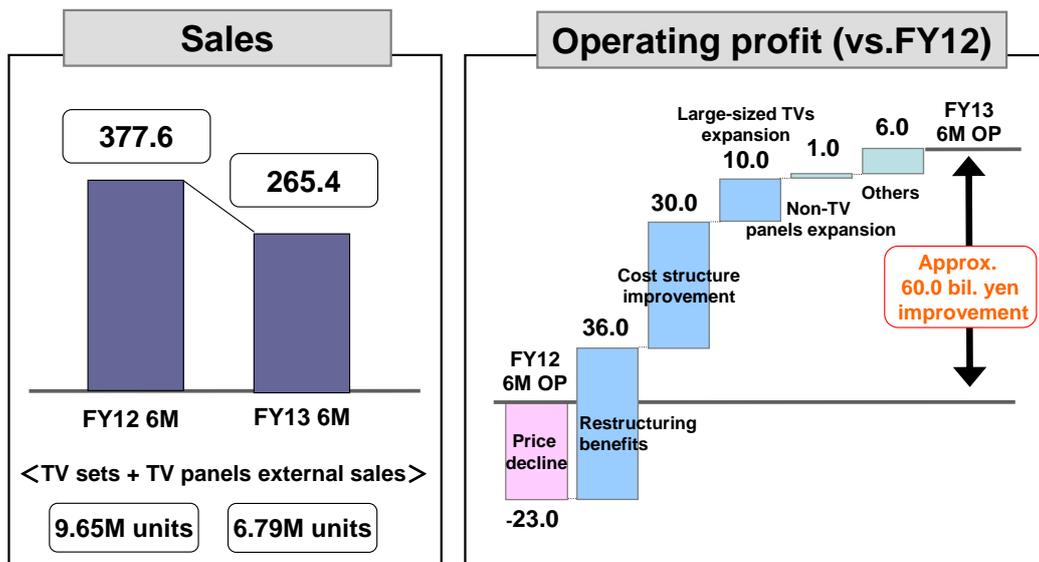
- First, AVC Networks.

Sales decreased significantly by 24% from a year ago due mainly to large sales declines in B to C products such as flat-panel TVs and BD recorders.

- However, operating profit improved as a result of restructuring effects and fixed cost reductions.
- In the second half, both sales and profit are expected to worsen significantly than the original forecasts, on account of weak sales in B to C products.

Structural change is making steady progress.

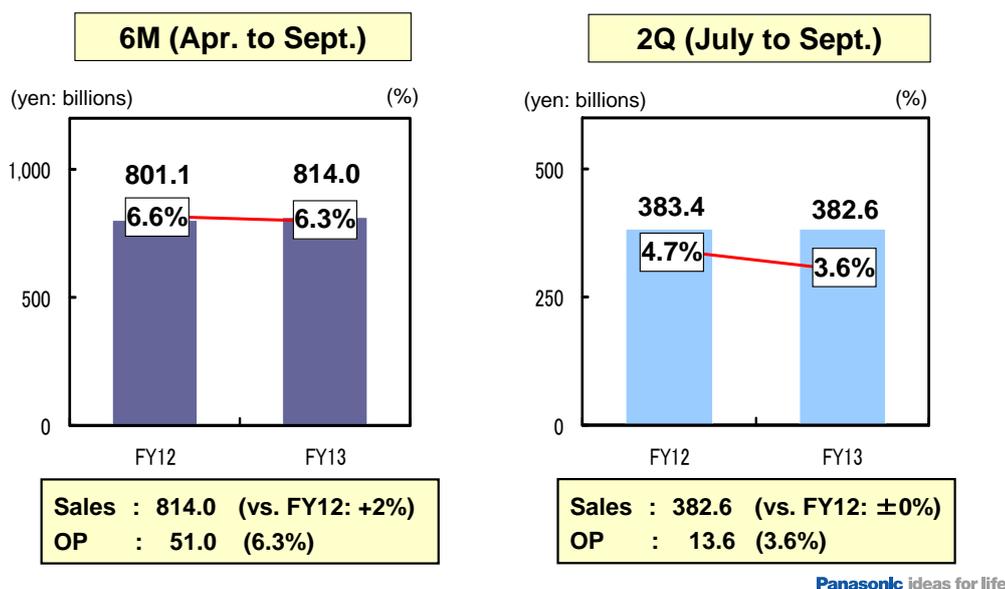
(yen: billions)



Panasonic ideas for life

- Structural change in the TV and Panel business is making steady progress. Profitability has been improving amid weaker sales, as shown in this slide.
- In the second half, despite a continuous improvement in profitability, full year improvement is expected to be lower than the original forecast based on the assumption of significantly weaker sales in TV sets compared with the original plan.

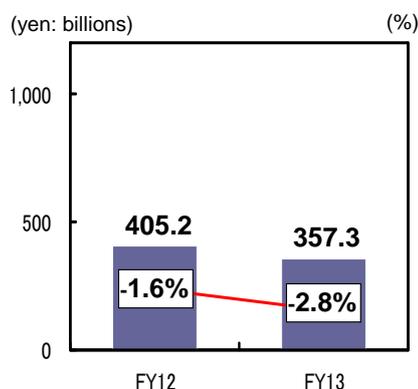
Operating profit declined due to weak sales in air conditioners.



- Sales increased by 2% from a year ago. Despite a sales decrease in air conditioners with sluggish market conditions, this result was due mainly to sales increases in refrigerators and washing machines.
- Operating profit was slightly lower than last year due to lower sales in air conditioners.
- Since the middle of September, the impact of boycotting Japanese products in China is increasingly apparent and this phenomenon is expected to continue. As a result, both sales and profitability in the second half are forecast to worsen than the original forecasts.

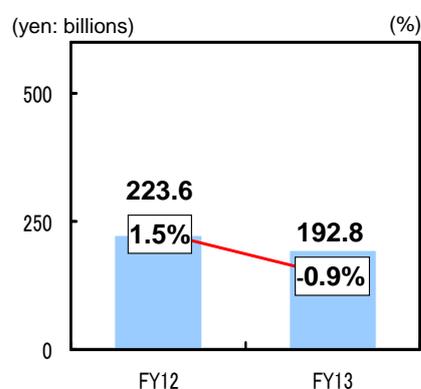
Operating loss was recorded due to sluggish sales in system-relating equipment and mobile phones.

6M (Apr. to Sept.)



Sales : 357.3 (vs. FY12: -12%)
OP : -10.0 (-2.8%)

2Q (July to Sept.)

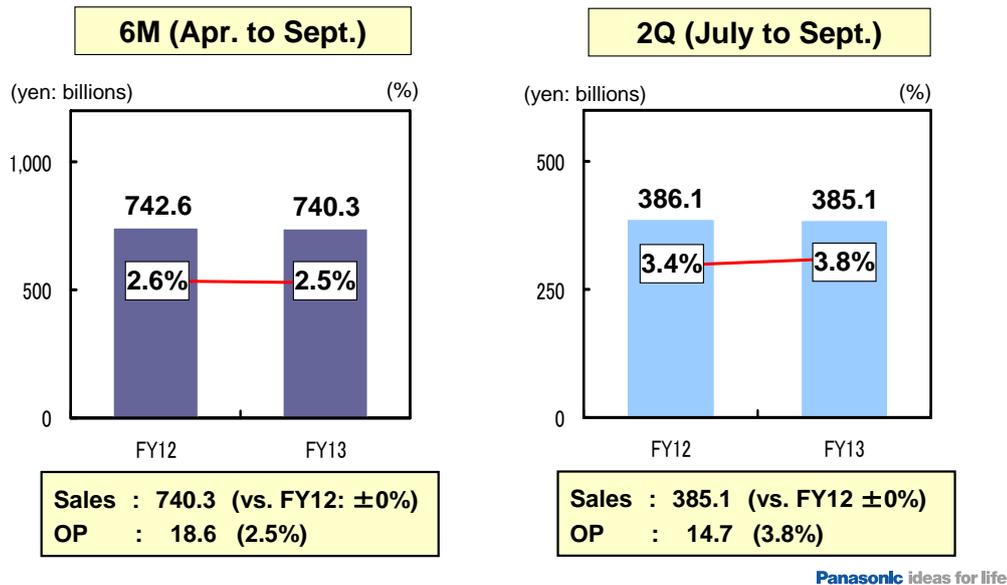


Sales : 192.8 (vs. FY12: -14%)
OP : -1.7 (-0.9%)

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- Sales decreased by 12% from a year ago due mainly to sales decreases in mobile phones and system-related equipment such as compact multifunction printers and private branch exchange (PBX) products.
- Operating loss amounted to 10.0 billion yen due mainly to sales decreases. Compared with last year, this was a decrease of 3.4 billion yen.
- Both sales and profitability in the second half are expected to worsen from the original forecasts as the severe business conditions continue. Under these circumstances, the Company plans to implement reorganization in the second half, as announced on Oct. 31, 2012.

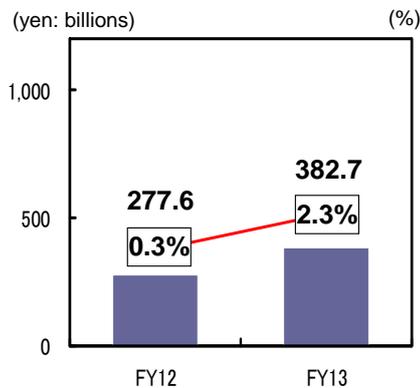
Although sales were unchanged from last year,
operating profit declined.



- Sales remained stable compared with a year ago. Despite sales increases in the lighting business such as LEDs, this result was due mainly to sales decreases in Japanese home use fire alarm devices.
- Operating profit was lower than the previous year mainly as a result of bringing the retirement benefit system of the former Panasonic Electric Works in line with that of Panasonic Corporation.
- In the second half, overseas sales such as solar photovoltaic systems in Europe and devices in the lighting business are anticipated to decrease. In addition, both sales and profitability are expected to worsen from the original forecasts due mainly to the impact of boycotting Japanese products in China.

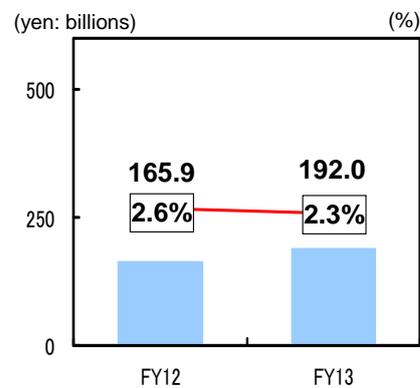
Both sales and profit increased compared with last year when results were affected by the Great East Japan Earthquake.

6M (Apr. to Sept.)



Sales : 382.7 (vs. FY12: +38%)
OP : 8.7 (2.3%)

2Q (July to Sept.)

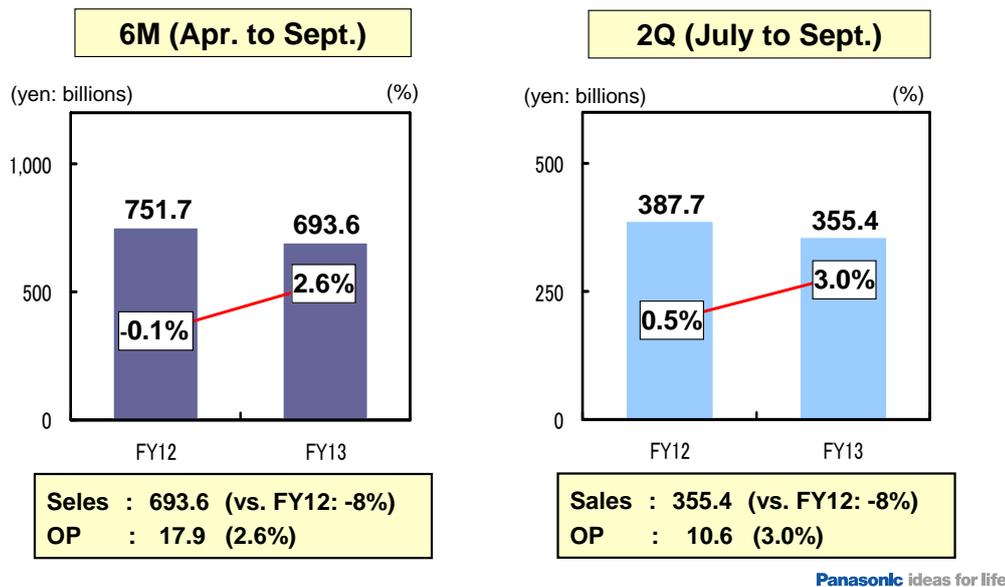


Seles : 192.0 (vs. FY12: +16%)
OP : 4.5 (2.3%)

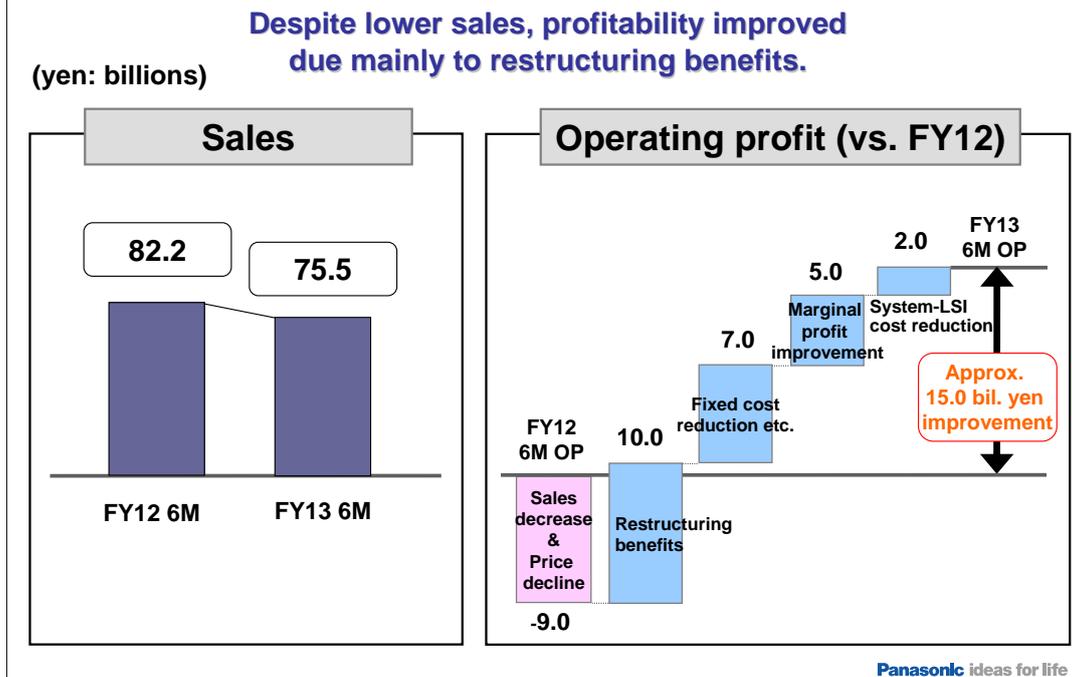
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- Sales increased significantly by 38% on last year due mainly to strong sales in car AVC equipment and car navigation systems compared with the fiscal 2012 results which had been affected by the Great East Japan Earthquake.
- Operating profit also improved significantly from a year ago, benefitting mainly from sales increases.
- However, the operating profit in the second half is expected to decrease from the original plan due mainly to the increase in R&D costs.

Profitability improved due to restructuring benefits and fixed cost reductions.

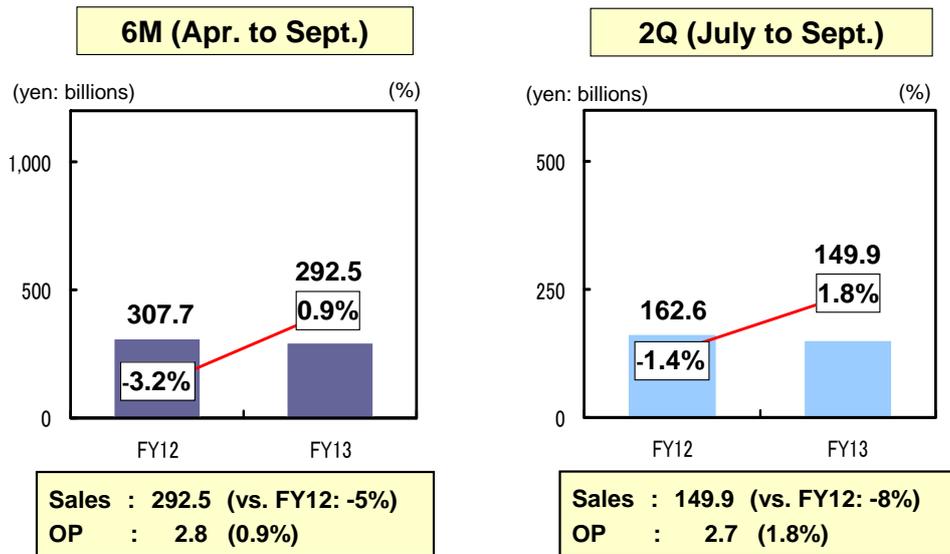


- Sales decreased by 8% from a year ago due mainly to sales decreases in optical pickups and semiconductors for AV products and PCs.
- Operating profit improved from last year as a result of restructuring benefits and fixed cost reductions.
- Profit improvement is expected to continue in the second half in line with the first half result. However, profitability is forecast to be lower than the original plan due to sales declines for AV products and PCs.



- Operating profit improved by 15.0 billion yen due to restructuring benefits and fixed cost reductions. This was despite significant sales decreases mainly for AV products.
- In the second half, although profit level is expected to improve, achieving the target of regaining full year profitability is becoming difficult as demand for TVs and DSCs is likely to continue to be much weaker than originally expected.

**Profitability improved due to fixed cost reduction
and streamlining material costs.**

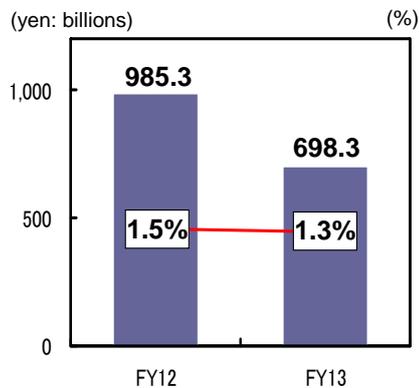


Panasonic ideas for life

- Sales decreased by 5% from a year ago. Despite a sales increase in automotive-use batteries, this result was due mainly to sales decreases in consumer-use lithium-ion batteries and solar photovoltaic systems in Europe.
- Operating profit turned into the black due mainly to fixed cost reductions and streamlining material costs.
- However, as sales in consumer-use lithium-ion batteries are expected to be significantly lower than the original plan, overall profit is forecast to go back into the red in the second half.

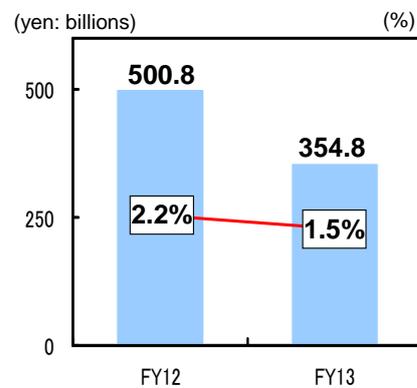
Profitability decreased due to lower sales in Manufacturing Solutions Company.

6M (Apr. to Sept.)



Sales : 698.3 (vs. FY12: -29%)
OP : 9.4 (1.3%)

2Q (July to Sept.)



Sales : 354.8 (vs. FY12: -29%)
OP : 5.3 (1.5%)

Panasonic ideas for life

- Sales decreased by 29% from a year ago. However, this decline was due to SANYO-related business transfers implemented in fiscal 2012.
- Operating profit decreased from a year ago due mainly to lower sales in Manufacturing Solutions Company.

(yen: billions)		Healthcare Company		MS Company*	
		FY13 6M	vs. FY12/ difference	FY13 6M	vs. FY12/ difference
6M (Apr. to Sept.)	Sales	65.3	-2%	82.1	-12%
	Operating profit	3.9	+0.9	11.3	-3.2
2Q (July to Sept.)	Sales	33.0	-6%	37.5	-19%
	Operating profit	2.1	0.0	5.0	-2.8

*Manufacturing Solutions Company
 **Panasonic** ideas for life

- This slide shows the results of two companies in the Other segment.
- In the Healthcare Company, despite sales decreases, operating profit increased due to increased sales in blood glucose monitoring systems.
- In the Manufacturing Solutions Company, both sales and operating profit were lower than last year mainly as a result of Chinese and other companies holding back investments.

[6M]

(yen: billions)

	FY13	vs. FY12
Operating profit	87.4	+39.8
Financial income / loss	-4.4	-0.8
Early retirement charges *	-14.5	+8.8
Other *	-347.2	-167.2
Non-operating income / loss	-366.1	-159.2
Pre-tax income / loss	-278.7	-119.4

•Total business restructuring expenses which are included in 'Early retirement charges' and 'Other': -355.5 billion yen

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- Non-operating loss worsened by 159.2 billion yen from last year due to business restructuring expenses of 355.5 billion yen.

Breakdown of Business Restructuring Expenses 22

Impairment of goodwill and intangible assets as a result of reviews in future business performance.

【6M】

(yen: billions)

Details	Solar batteries	Consumer-use lithium-ion batteries	Mobile phones	Other businesses	Total
Impairment of goodwill	72.2	74.6	91.0	-	237.8
Impairment of intangible assets	73.9	13.7	-	-	87.6
Early retirement charges & others	1.9	7.3	4.6	16.3	30.1
Total	148.0	95.6	95.6	16.3	355.5

* 334.8 billion yen of business restructuring expenses do not affect the cash position.

Panasonic ideas for life

- This slide shows a breakdown of the business restructuring expense for the first six months of fiscal 2013.
- Extremely severe trading conditions are expected in the second half.
- Under these circumstances, the Company revised the strategies for sales and investment in solar and consumer-use lithium-ion battery businesses. In mobile phone business, the Company revised the sales plan taking into account a decline in market share in Japan, and the overseas development strategy.
- As a result, the Company impaired goodwill and intangible assets in these businesses.

Increase in Valuation Allowances to DTA 23

Increase in valuation allowances to deferred tax assets as a result of rapidly worsening business environment

【6M】

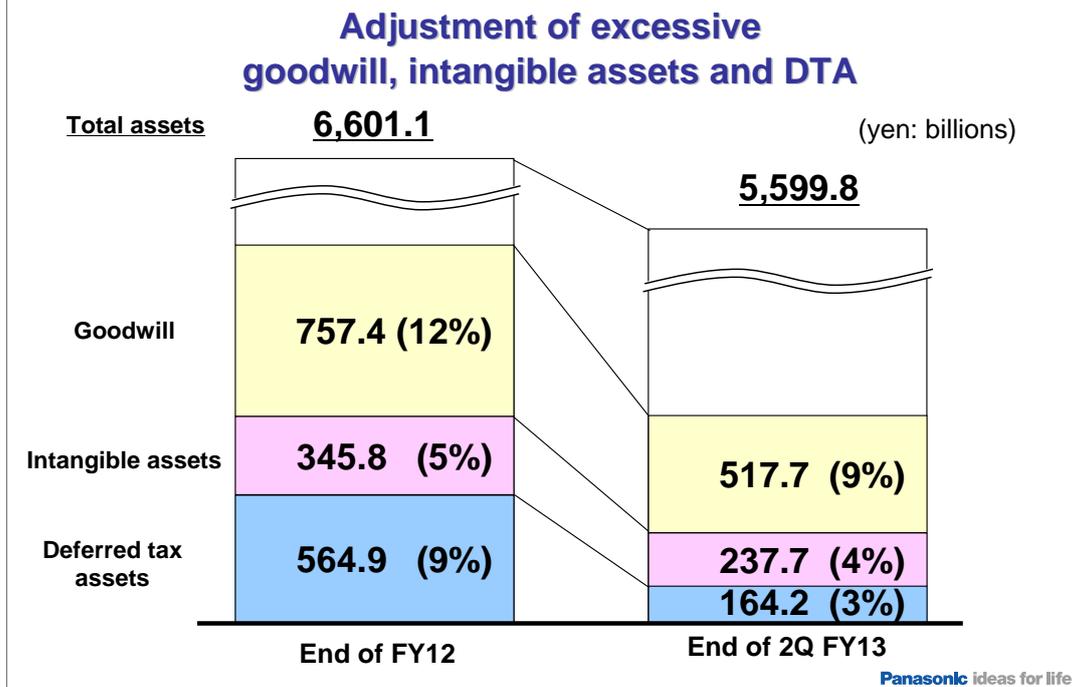
(yen: billions)

	FY13	vs. FY12
Pre-tax income / loss	-278.7	-119.4
Provision for income taxes *	411.4	+412.8
Equity in earnings of associated companies	2.6	-2.2
Net income / loss	-687.5	-534.3
Less net income / loss attributable to noncontrolling interests	-2.3	+14.7
Net income / loss attributable to Panasonic Corporation	-685.2	-549.0

* The increase in valuation allowances to DTA which is included in 'Provision for income taxes' : 412.5 billion yen
of which Panasonic Corporation : 371.5 billion yen
Panasonic Mobile Communications Co., Ltd. : 41.0 billion yen

Panasonic ideas for life

- Business conditions are much worse than originally anticipated and profitability is deteriorating on the back of rapid sales declines in digital consumer products in Japan. As this business environment is expected to continue in the second half onwards, the Company carefully considered over the realizability of deferred tax assets in accordance with U.S. GAAP.
- As a result, the Company increased the valuation allowances to deferred tax assets in Panasonic Corporation (371.5 billion yen) and Panasonic Mobile Communications (41.0 billion yen) and incurred provision for income taxes of 412.5 billion yen in total in accordance with U.S. GAAP.
- Accordingly, net loss attributable to Panasonic Corporation totaled 685.2 billion yen following last year's significant loss.
- Impairment of goodwill and intangible assets, as well as the increase in valuation allowances to deferred tax assets are not cash expenditure and do not have any impact on cash flow.



- As a result of impairment of goodwill and intangible assets as well as an increase in valuation allowances to deferred tax assets, the Company believes this action adjust excessive of each asset.
- The Company strives not to have further impairment by strictly controlling business investment and performance.

- 1. Summary of second quarter and six months financial results**
- 2. Revision of full year forecasts for fiscal 2013**

- Finally, revision of full year forecasts for fiscal 2013.

(yen: billions)

	Revised forecast	Original forecast	Difference	FY2012	vs. FY2012
Sales	7,300.0	8,100.0	-800.0	7,846.2	-546.2
Operating profit	140.0 (1.9%)	260.0 (3.2%)	-120.0	43.7 (0.6%)	+96.3
Pre-tax income / loss	-365.0 (-5.0%)	160.0 (2.0%)	-525.0	-812.8 (-10.4%)	+447.8
Net income / loss*	-765.0 (-10.5%)	50.0 (0.6%)	-815.0	-772.2 (-9.8%)	+7.2

* Net income / loss attributable to Panasonic Corporation

【Exchange rates】

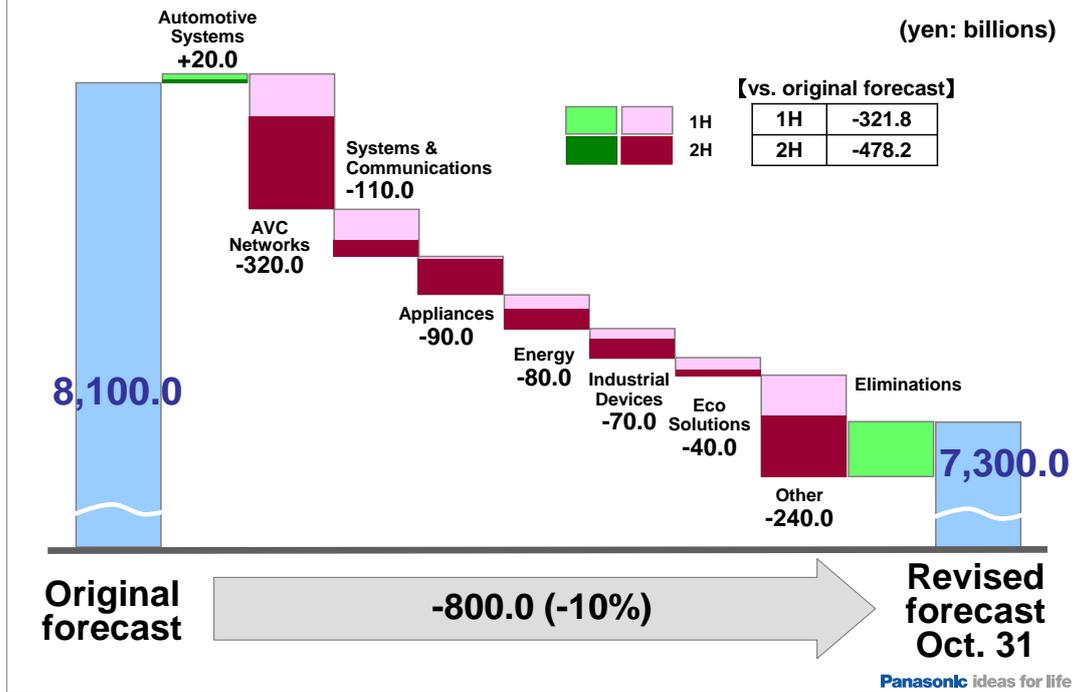
	1H	2H	Full year	Original forecast
US dollar	80 yen	78 yen	79 yen	78 yen
Euro	101 yen	97 yen	99 yen	103 yen

Panasonic ideas for life

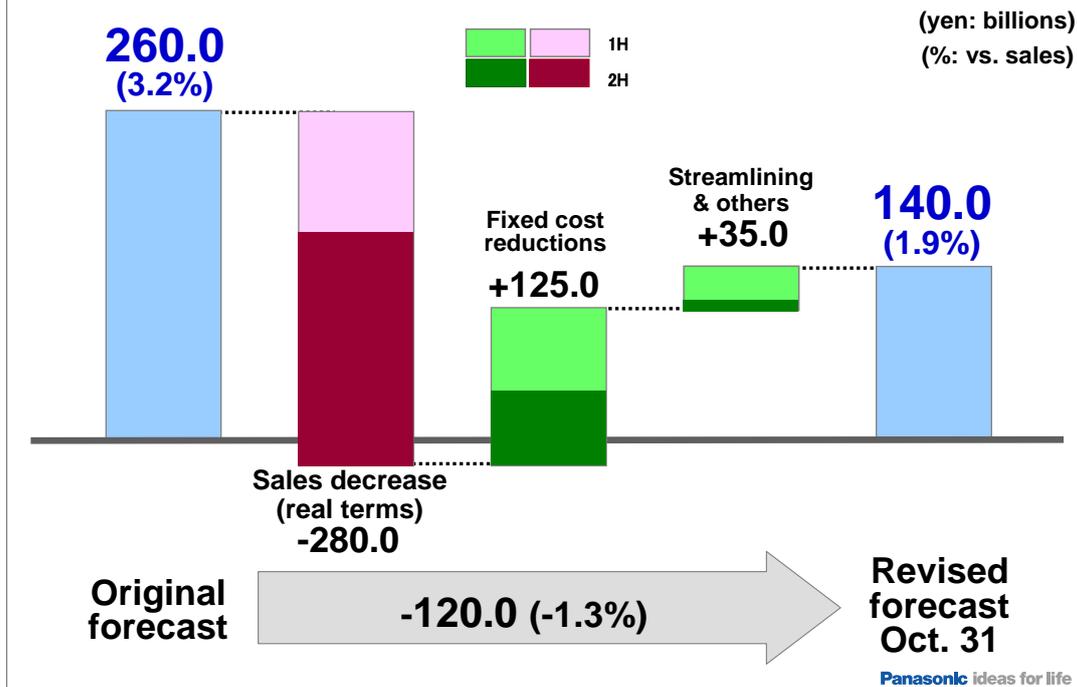
- The Company expects consolidated group sales and operating profit for fiscal 2013 to be respectively 7,300.0 billion yen and 140.0 billion yen.
- Pre-tax loss and net loss attributable to Panasonic Corporation are expected to be respectively 365.0 billion yen and 765.0 billion yen, posting significant losses following last year.

FY13 Revised Sales Analysis by Segment (vs. original forecast)

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- This slide shows revised sales analysis by segment. Sales in all segments except Automotive Systems are expected to decline. In particular, sales declines in the second half will be significant.
- Sluggish sales in digital consumer products are expected to continue in the second half. As a result, sales declines in AVC Networks, Systems & Communications, Industrial Devices and Energy segments are anticipated.
- The impact of boycotting Japanese products in China on sales in the Appliances segment will be significant in the second half.



- Next, revised operating profit analysis.
- In particular, operating profit is forecast to worsen by 120.0 billion yen from the original forecast due to significantly lower sales in the second half.

(yen: billions)

	Sales		Operating profit/loss			
	vs. original forecast	vs. FY12		vs. original forecast	vs. FY12	
AVC Networks	1,410.0	-320.0	-303.5	22.0	-38.0	+89.8
Appliances	1,540.0	-90.0	+5.8	82.0	-18.0	+0.5
Systems & Communications	790.0	-110.0	-50.8	9.0	-15.0	-8.3
Eco Solutions	1,560.0	-40.0	+34.2	55.0	-5.0	-3.9
Automotive Systems	740.0	+20.0	+86.8	13.0	-5.0	+8.1
Industrial Devices	1,350.0	-70.0	-54.6	23.0	-17.0	+39.6
Energy	580.0	-80.0	-34.9	0.0	-3.0	+20.9
Other	1,420.0	-240.0	-460.9	10.0	-14.0	-13.6
Subtotal	9,390.0	-930.0	-777.9	214.0	-115.0	+133.1
Corporate and eliminations	-2,090.0	+130.0	+231.7	-74.0	-5.0	-36.8
Consolidated Total	7,300.0	-800.0	-546.2	140.0	-120.0	+96.3

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- Revised full year forecasts by segment are shown here.
- Operating profits in all segments are anticipated to be lower from the original forecasts.

FY13 Revised Pre-tax and Net Income Analysis 30

(yen: billions)

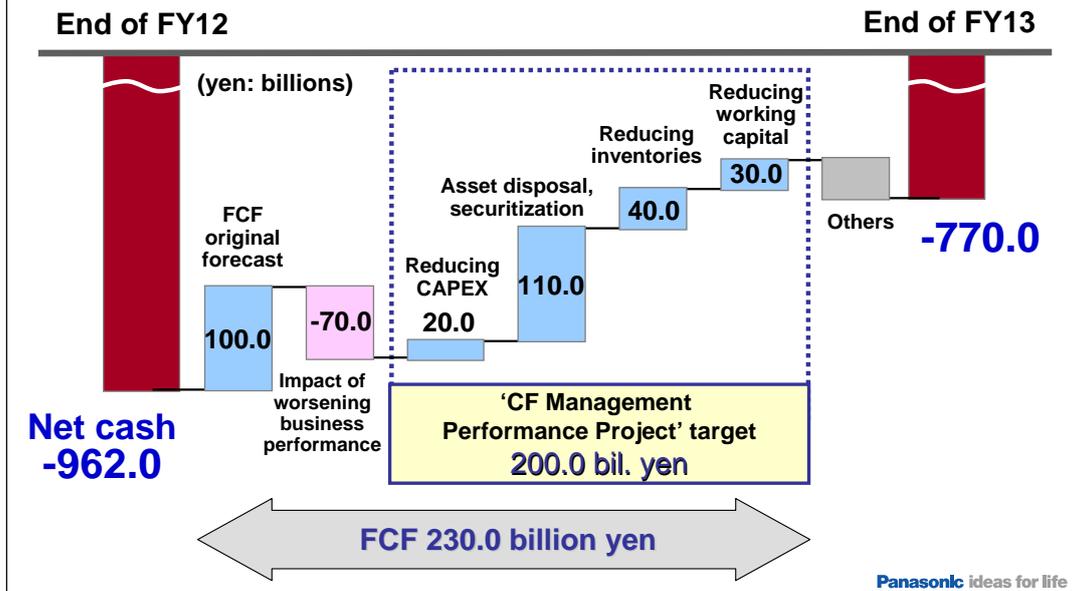
Details	Revised forecast	Original forecast	difference
Operating profit	140.0	260.0	-120.0
Restructuring expenses	-440.0	-41.0	-399.0
Others	-65.0	-59.0	-6.0
Non-operating income / loss	-505.0	-100.0	-405.0
Pre-tax income / loss	-365.0	160.0	-525.0
Net income / loss attributable to Panasonic Corporation *	-765.0	50.0	-815.0

* Increase in valuation allowances to deferred tax asset : -412.5 billion yen

Panasonic ideas for life

- Next, revised pre-tax and net income analysis.
- Restructuring expenses of 440.0 billion yen in the full year and non-operating loss of 505.0 billion yen are predicted.
- Net loss attributable to Panasonic Corporation is forecast to be 765.0 billion yen .

Generating cash through 'Cash Flow Management Performance Project'



- Finally, generating cash.
- With worsening performance, achieving the original plan to generate 100.0 billion yen in free cash flow is becoming difficult. Accordingly, the Company established the 'Cash Flow Management Performance Project' in October, 2012 .
- I am the head of this Project and aim to implement a reduction in capital investment as well as sell and securitize assets throughout the whole group with no exceptions. In this fiscal year, we are determined to generate more than 200.0 billion yen of additional cash to improve the net cash position.

Thoroughly Implementing Cash Flow Management 32

- Adjustment of excessive goodwill, intangible assets & DTA
- Preparation for securing funds liquidity

- Setting a credit line : 600.0 billion yen
- Registration of unsecured straight bond finance: 150.0 billion yen

Thoroughly
implementing
CF
Management

- Allocating cash optimally on a Company basis
- Reducing CAPEX and controlling investment return
- Improving cash conversion cycle
- Shrinking B/S size through reducing assets

**Implementing cash generating activities
in the mid to long term by controlling ROIC**

Panasonic ideas for life

- We deeply regret and are sincerely sorry that shareholders' equity has been significantly damaged as a result of impairment of goodwill and intangible assets as well as an increase in valuation allowances to deferred tax assets.
- However, the Company believes this action adjusts these excessive assets. On the other hand, we set a credit line of 600.0 billion yen as well as registered unsecured straight bond finance in preparation for securing liquidity of funds.
- Based on these actions, we will focus further on cash flow management. I as the CFO am making every effort to implement measures to generate cash, including allocating cash optimally on a company-wide basis and narrowing investments by focusing on expected return.
- By focusing on ROIC (return on invested capital) and tightly controlling cash flow management, we aim to change the corporate structure as soon as possible in order to generate stable cash in the mid to long term through business activities and increase the Corporate value.



- Thank you very much for your continued support.

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In order to be consistent with generally accepted financial reporting practices in Japan, operating profit (loss) is presented in accordance with generally accepted accounting principles in Japan. The company believes that this is useful to investors in comparing the company's financial results with those of other Japanese companies. Under United States generally accepted accounting principles, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies, and impairment losses on long-lived assets are usually included as part of operating profit (loss) in the statement of income.