

# **Fiscal 2013 Financial Results**

## **Fiscal 2014 Financial Forecast**

May 10, 2013  
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 "FY2013" refers to the year ended March 31, 2013.*

- This presentation contains consolidated financial results for fiscal 2013, ended March 31, 2013 and the current forecast for fiscal 2014.

## **1. Fiscal 2013 Financial Results**

## **2. Fiscal 2014 Financial Forecast**

- First, the financial results for fiscal 2013.

## Summary of FY13 Results

1. While overall sales declined significantly, operating profit improved from last year due to extensive reductions in fixed costs.
2. A large amount of net loss\* was recorded as a result of impairment loss of goodwill and intangible assets as well as an increase in valuation allowances to deferred tax assets.
3. Net cash improved significantly due to the Company's substantial efforts to generate cash, including the disposal of investments and assets, and the securitization of assets.

\* net loss attributable to Panasonic Corporation

- This slide shows the three main points regarding the financial results of fiscal 2013.
- First, while overall sales declined significantly, operating profit improved from last year due to extensive reductions in fixed costs.
- Secondly, a large amount of net loss attributable to Panasonic Corporation was recorded as a result of impairment loss of goodwill and intangible assets as well as an increase in valuation allowances to deferred tax assets.
- Thirdly, net cash improved significantly due to the Company's substantial efforts to generate cash, including the disposal of investments and assets, and the securitization of assets.

# FY13 Annual Results

(yen: billions)

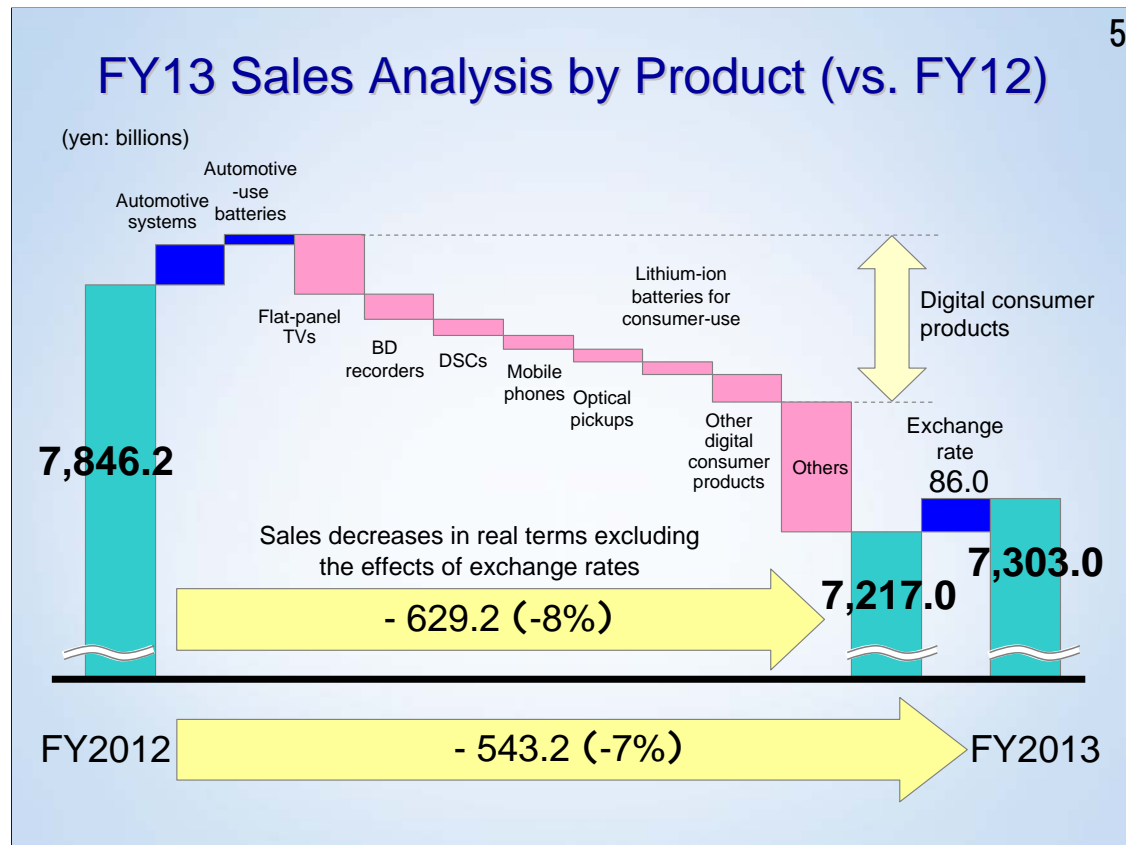
	FY13	FY12	vs. FY12/ difference		Forecast (Oct. 31, 2012)
Domestic	3,790.4	4,162.0	-9%		—
Overseas	3,512.6	3,684.2	-5% (-7%) *		—
<b>Sales</b>	<b>7,303.0</b>	<b>7,846.2</b>	<b>-7% (-8%) *</b> <b>- 543.2</b>		<b>7,300.0</b>
<b>Operating profit</b>	<b>160.9</b> <b>(2.2%)</b>	<b>43.7</b> <b>(0.6%)</b>	<b>+268%</b> <b>+ 117.2</b>		<b>140.0</b>
<b>Pre-tax income/loss</b>	<b>- 398.4</b> <b>(- 5.5%)</b>	<b>- 812.8</b> <b>(-10.4%)</b>	<b>-</b> <b>+ 414.4</b>		<b>- 365.0</b>
<b>Net income/loss**</b>	<b>- 754.3</b> <b>(- 10.3%)</b>	<b>- 772.2</b> <b>(- 9.8%)</b>	<b>-</b> <b>+ 17.9</b>		<b>- 765.0</b>

\* Real terms excluding the effects of exchange rates (unaudited)

\*\* Net income / loss attributable to Panasonic Corporation

Exchange rates	1 US dollar	83 yen	79 yen
	1 Euro	107 yen	109 yen

- Consolidated group sales amounted to 7,303.0 billion yen, down by 7% from the previous year due to weak sales in digital consumer products. On the other hand, operating profit totaled 160.9 billion yen, an improvement of 117.2 billion yen from last year due mainly to reductions in fixed costs.
- Both pre-tax loss and net loss attributable to Panasonic Corporation showed some improvement from last year.
- Compared with last October's forecasts, operating profit was better due mainly to streamlining in material costs. However, pre-tax loss was worse due to larger than expected business restructuring expenses. On the other hand, net loss attributable to Panasonic Corporation was better due mainly to improvement in noncontrolling interests and deductions in provision for income taxes and others.



- Total sales decreased by 543.2 billion yen compared with the previous year. In real terms, sales decreased by 629.2 billion yen, excluding the exchange rate effects of 86.0 billion yen.
- By product, sales were favorable in automotive systems such as car audios and automotive-use batteries. However, sales decreases in digital consumer products such as flat-panel TVs, BD recorders and DSCs, contributed significantly to the overall sales decline.

## FY13 Global Sales by Region (vs. FY12)

(yen: billions)

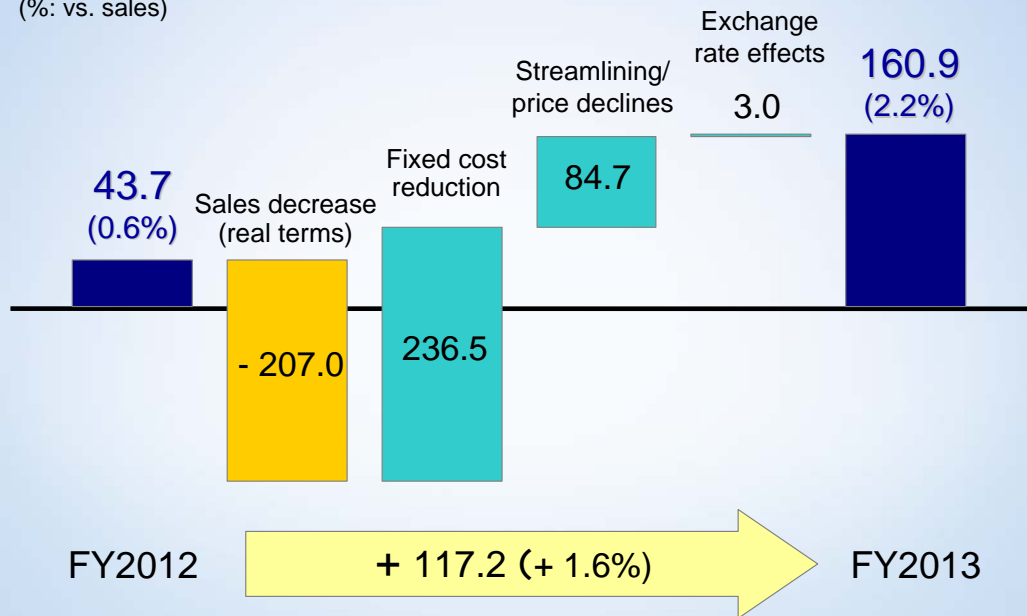
	Sales	vs. FY12		Sales proportion by region (vs. FY12)	
		Yen basis	Local currency basis		
<b>Japan</b>	3,790.4	-9%	-	52%	(-1%)
<b>Americas</b>	1,022.3	+6%	+2%	14%	48% (+1%)
<b>Europe</b>	665.8	-10%	-9%	9%	
<b>Asia</b>	883.7	-5%	-7%	12%	
<b>China</b>	940.8	-10%	-14%	13%	
<b>Total</b>	7,303.0	-7%	-8%	100%	

- Next, global sales by region.
- Sales in the Americas increased as sales in automotive-related business continued to be favorable. However, sales in other regions were weaker than the previous year due mainly to sales declines in AV products.

## FY13 Operating Profit Analysis (vs. FY12)

(yen: billions)

(%: vs. sales)



- This chart shows the operating profit analysis compared with the previous year.
- Due to sales declines, profitability worsened by 207.0 billion yen. However, fixed cost reductions during this fiscal year and last fiscal year's business restructuring improved profitability by 236.5 billion yen in total. Streamlining in material costs which exceeded price declines also improved profitability by 84.7 billion yen.
- The yen depreciation also improved profitability by 3.0 billion yen. As a result, operating profit increased by 117.2 billion yen.

## FY13 Pre-tax and Net Income Analysis

(yen: billions)

	FY13	vs.FY12
Operating profit	160.9	+ 117.2
Non-operating income / loss *	- 559.3	+ 297.2
Pre-tax income / loss	- 398.4	+ 414.4
Provision for income taxes	384.7	+ 374.9
Equity in earnings of associated companies	7.9	+ 1.4
Net income / loss	- 775.2	+ 40.9
Less net income / loss attributable to noncontrolling interests	- 20.9	+ 23.0
Net income / loss attributable to Panasonic Corporation	- 754.3	+ 17.9

\* Details of non-operating income / loss

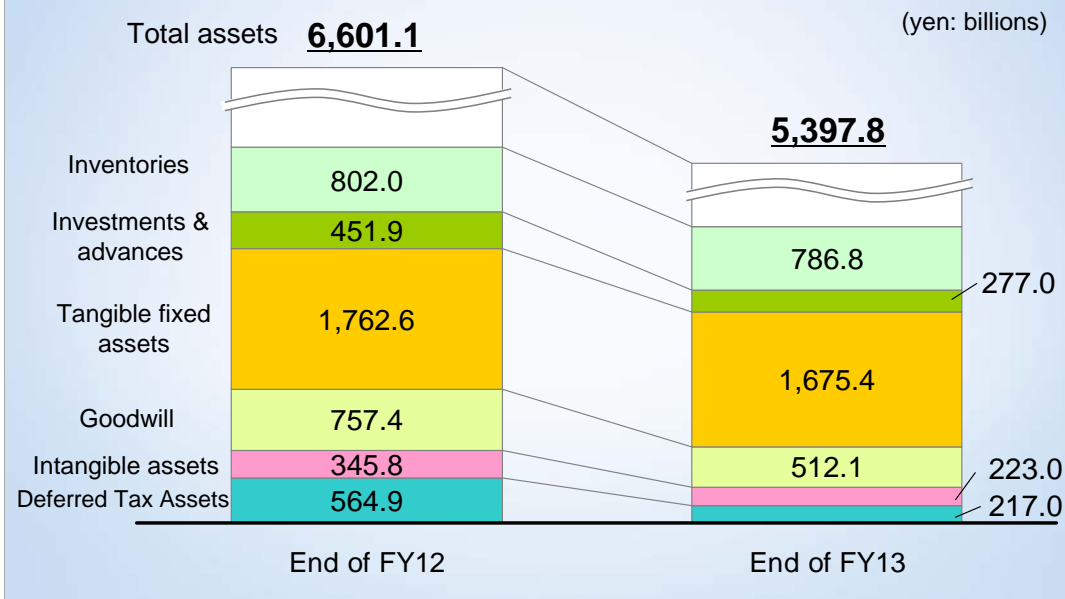
Business restructuring expenses	- 508.8	+ 258.3
Early retirement charges	- 38.4	+ 62.6

- Next, pre-tax and net income analysis.
- Although operating profit amounted to 160.9 billion yen, pre-tax loss totaled 398.4 billion yen due to business restructuring expenses of 508.8 billion yen.
- Business restructuring expenses were larger than the forecast of 440.0 billion yen. This was due mainly to 43.1 billion yen expenses incurred with the building of the 5th PDP plant in Amagasaki, Hyogo, Japan.
- Net loss attributable to Panasonic Corporation amounted to 754.3 billion yen as a result of an increase of the valuation allowances to deferred tax assets in the second quarter of fiscal 2013.



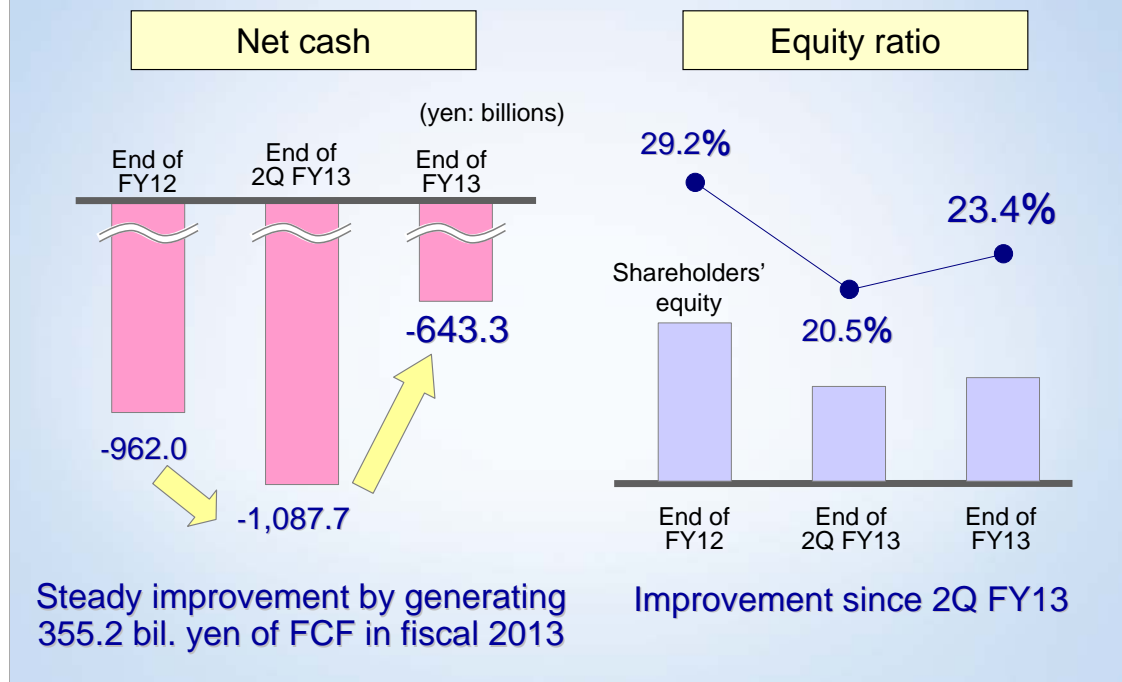
## Main Assets

**Total assets have been reduced significantly as a result of disposal and securitization of assets, and impairment of assets.**



- This slide shows changes in the main assets.
- The Company has been implementing the disposal and securitization of real estates, and the disposal of investments. Consequently, investments and advances, and tangible fixed assets reduced from the end of fiscal 2012.
- Due to impairment losses on goodwill and intangible assets and an increase in deferred tax assets valuation allowances in the second quarter, each of these assets has been significantly reduced.
- As a result, the Company's assets, including evaluation assets such as goodwill, have been reduced considerably over the past year. Panasonic strives to continually improve its asset usage efficiency.

## Net Cash and Equity Ratio



- This slide shows net cash and equity ratio.
- A total of 355.2 billion yen of free cash flow was generated in fiscal 2013. This includes the results of the Company-wide Cash Generation Project which started in the second half of fiscal 2013. As a result, net cash improved by 318.7 billion yen from the previous year and by 444.4 billion yen from the end of 2Q of fiscal 2013 to minus 643.3 billion yen at the end of fiscal 2013. The benefit of yen depreciation also contributed to the improvement of the net cash position.
- Shareholders' equity ratio improved by 2.9% to 23.4% from 20.5% at the end of 2Q of fiscal 2013 due to total assets reduction and improvement in the cumulative translation adjustments.

# FY13 Results by Segment

(yen: billions)

	FY13			
	Sales	vs. FY12	Operating profit/loss	vs. FY12
AVC Networks	1,373.9	-20%	19.9	+ 87.7
Appliances	1,554.4	+1%	66.5	- 15.0
Systems & Communications	740.9	-12%	12.4	- 4.9
Eco Solutions	1,547.9	+1%	59.1	+ 0.2
Automotive Systems	782.9	+20%	16.6	+ 11.7
Industrial Devices	1,361.4	-3%	19.2	+ 35.8
Energy	592.3	-4%	8.3	+ 29.2
Other	1,442.8	-23%	25.0	+ 1.4
Subtotal	9,396.5	-8%	227.0	+ 146.1
Corporate and eliminations	- 2,093.5	—	- 66.1	- 28.9
Consolidated Total	7,303.0	-7%	160.9	+ 117.2

- Next, segment analysis.
- Although sales in Appliances, Eco Solutions and Automotive Systems increased from the previous year, sales in AVC Networks and Systems & Communications decreased significantly.
- Profitability improved extensively in AVC Networks, Industrial Devices and Energy due to fixed cost reductions and streamlining. As a result, operating profits in these segments returned to the black.
- On the other hand, profitability decreased in Systems & Communications, and Appliances which was impacted by the boycotting of Japanese products in China.
- In Automotive Systems, both sales and operating profit showed large increases thanks to favorable automotive sales in the North America and sales increases in Asia.

# Contents

## **1. Fiscal 2013 Financial Results**

## **2. Fiscal 2014 Financial Forecast**

- Next, financial forecast for fiscal 2014.

## FY14 Full Year Forecasts

(yen: billions)

	FY14 Forecasts	FY13 Results	Difference
Sales	7,200.0	7,303.0	- 103.0
Operating profit	250.0 (3.5%)	160.9 (2.2%)	+ 89.1
Pre-tax income / loss	140.0 (1.9%)	- 398.4 (- 5.5%)	+ 538.4
Net income / loss*	50.0 (0.7%)	- 754.3 (10.3%)	+ 804.3

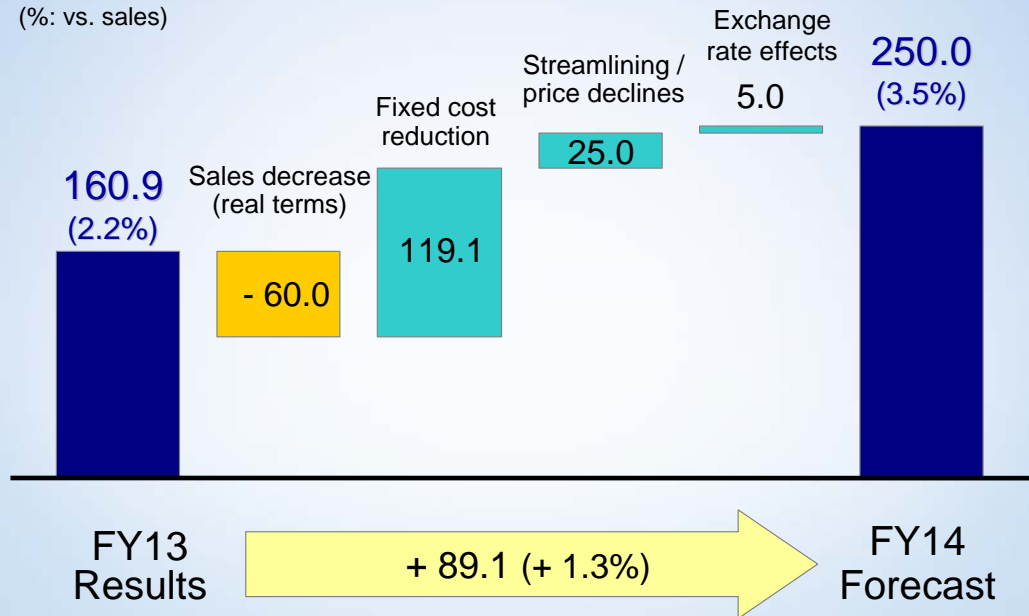
\* Net income / loss attributable to Panasonic Corporation

Exchange rates	1 US dollar	85 yen	83 yen
	1 Euro	110 yen	107 yen
	1 Renminbi	13.70 yen	13.25 yen

- Consolidated group sales for fiscal 2014 is forecast to be 7,200.0 billion yen, a decrease of 103.0 billion yen from last year. Operating profit is forecast to be 250.0 billion yen, an increase of 89.1 billion yen.
- Pre-tax income and net income attributable to Panasonic Corporation are expected to be 140.0 billion yen and 50.0 billion yen respectively. These are significant improvements from the previous year due mainly to the reduction in the business restructuring expenses.
- The full year exchange rates are projected to be 85 yen for the US dollar, 110 yen for the Euro and 13.70 yen for the Renminbi. The forecast for the Renminbi exchange rate has been added from fiscal 2014 in view of its impact on the results.

# FY14 Operating Profit Analysis (vs. FY13)

(yen: billions)  
(%: vs. sales)



- This slide shows the forecast of operating profit analysis for fiscal 2014 compared to the previous year.
- Due to sales declines, profitability is expected to worsen by 60.0 billion yen. However, the following factors are expected to impact positively on profitability:
  - 119.1 billion yen from fixed cost reductions which includes the benefits of restructuring in fiscal 2013.
  - 25.0 billion yen from streamlining which exceeds the impact of price declines.
- Currency fluctuation is also expected to enhance profitability by 5.0 billion yen. Taking all these factors into consideration, operating profit is forecast to improve by 89.1 billion yen.
- Profitability in the unprofitable businesses, including TVs and semiconductors described in the Midterm Management Plan announced in March, is forecast to improve approximately by 90.0 billion yen.

# FY14 Pre-tax and Net Income Analysis

(yen: billions)

	FY14 Forecast	FY13 Results	difference
<b>Operating profit</b>	250.0	160.9	+ 89.1
<b>Restructuring expenses</b>	- 120.0	- 508.8	+ 388.8
<b>Others *</b>	10.0	- 50.5	+ 60.5
<b>Non-operating income / loss</b>	- 110.0	- 559.3	+ 449.3
<b>Pre-tax income / loss</b>	140.0	- 398.4	+ 538.4
<b>Net income / loss attributable to Panasonic Corporation</b>	50.0	- 754.3	+ 804.3

\* With regard to the companies which are the members of Panasonic Corporate Pension Fund, some of their pension plan will be transferred to the defined contribution pension plan. As a result, a one-off gain of 79.8 billion yen will be recognized in fiscal 2014.

- Next, forecasts for pre-tax and net income analysis.
- Non-operating loss is expected to be 110.0 billion yen, of which business restructuring expenses are projected to be 120.0 billion yen.
- With regard to the companies which are the members of Panasonic Corporate Pension Fund, some of their pension plan will be transferred to the defined contribution pension plan. As a result, a one-off gain of 79.8 billion yen will be recognized in the first quarter of fiscal 2014.
- Taking these into account, pre-tax income is forecast to be 140.0 billion yen. However, net income attributable to Panasonic Corporation is forecast to be 50.0 billion yen because deferred tax assets of certain loss-making companies cannot be recognized.

# Changes in Segments

<FY13> 8 segments



<After FY14> 5 segments

Appliances	Eco Solutions	AVC Networks	Automotive & Industrial Systems
Air conditioner BD	Lighting BD	TV BD	Automotive infotainment systems BD
Refrigerator BD	Energy system BD	AV Network BD	Automotive electronics BD
Cold chain BD	Housing system BD	DSC BD	Energy device BD
Refrigeration device BD	Panasonic Ecology Systems Co.	Imaging BD	Panasonic Storage Battery Co.
Laundry and vacuum cleaner BD		Media BD	Portable rechargeable battery BD
Kitchen appliance BD		Visual systems BD	Automotive battery BD
Beauty and living BD		Avionics BD	Capacitor BD
Motor BD		IT products BD	Circuit board BD
Smart energy system BD		Panasonic Plasma Display Co.	Printed circuit component BD
		Panasonic Liquid Crystal Display Co.	Electromechanical components BD
		Security system BD	Electronic materials BD
		Communication products BD	Automation controls BD
		Office products BD	Semiconductor BD
		Infrastructure system BD	Panasonic Precision Device Co.
		Panasonic Mobile Communications Co.	Optical pickup BD
			Panasonic Factory Solutions Co.
			Panasonic Welding Systems Co.
			Panasonic Cycle Technology Co.

BD : Business Division

- Next, changes in segments.
- Following the company reorganization on April 1, the previous eight segments are regrouped under the following five segments: Appliances, Eco Solutions, AVC Networks, Automotive & Industrial Systems and Other.
- Business Divisions in the each segment are shown in this slide.



## Changes in Segments

1. The Company has shifted to Business Division-based management. In conjunction with this, the segments will be based on "Company" which is the aggregation of the Business Divisions.
2. Consolidated (production and sales) figures for "Appliances" and "AVC Networks" will be separately disclosed. They will include sales and profits of the Sales Division for consumer products in "Corporate and eliminations".
3. The sales results of the major business divisions will be disclosed from the 1Q.
4. Sales and operating profits in the major unprofitable businesses in the Midterm business plan will be disclosed to improve transparency.
5. Adjustments on the consolidated accounting\* and administrative expenses at the corporate headquarters level, which had been allocated to each segment, are included in "Corporate and eliminations."

\* amortization of intangible assets etc.

- Next, changes in segments.
- First, since fiscal 2014, the Company has shifted to Business Division-based management from domain-based management. In conjunction with this, the segments will be based on "Company" which is the aggregation of the Business Divisions.
- Secondly, in order to disclose the business situation more accurately, consolidated (production and sales) figures for "Appliances" and "AVC Networks" will be separately disclosed. They will include sales and profits of the Sales Division for consumer products in "Corporate and eliminations".
- Thirdly, as a result of there being fewer segments, the sales results of the major business divisions will be disclosed from the first quarter of fiscal 2014. As a rule, more than 50% of sales in each segment will be disclosed to complement the disclosure of financial results.
- Fourthly, sales and operating profits in the major unprofitable businesses in the Midterm Business Plan will also be disclosed to improve transparency.
- Lastly, adjustments on the consolidated accounting and administrative expenses at the corporate headquarters level, which had been allocated to each segment, will be included in "Corporate and eliminations."

# FY14 Segment Forecast

(yen: billions)

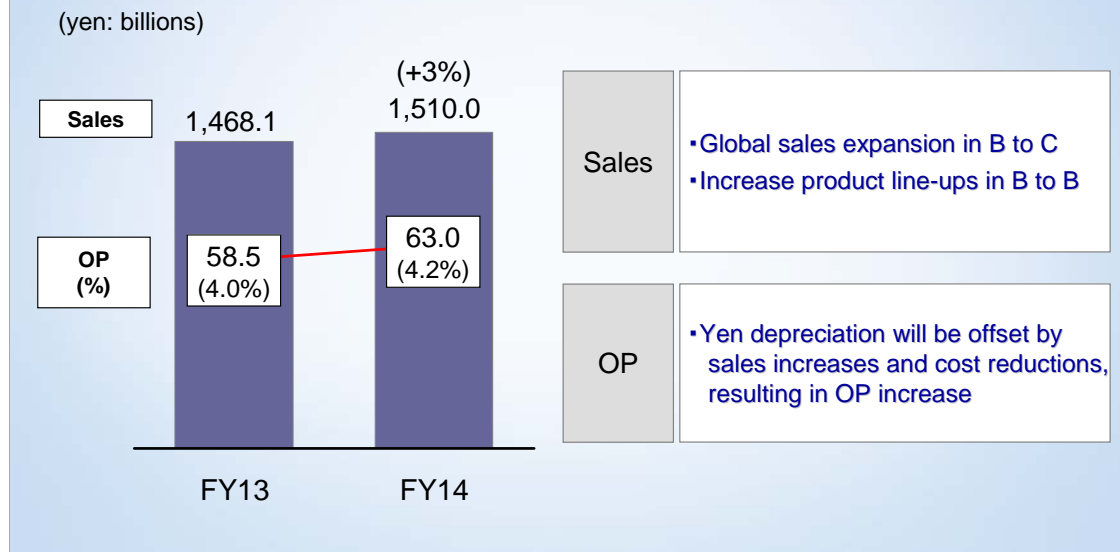
	FY14			
	Sales	vs. FY13	Operating profit	vs. FY13
Appliances	1,120.0	+3%	43.0	+ 6.6
Eco solutions	1,710.0	+2%	58.0	- 4.8
AVC Networks	1,690.0	+4%	30.0	+ 21.7
Automotive & Industrial Systems	2,540.0	+1%	76.0	+ 46.5
Other	900.0	-11%	8.0	+ 4.6
Subtotal	7,960.0	+1%	215.0	+ 74.6
Corporate and eliminations	- 760.0	—	35.0	+ 14.5
<b>Consolidated total</b>	<b>7,200.0</b>	<b>-1%</b>	<b>250.0</b>	<b>+ 89.1</b>
<b>Appliance (production and sales consolidated) *</b>	<b>1,510.0</b>	<b>+3%</b>	<b>63.0</b>	<b>+ 4.5</b>
<b>AVC Networks (production and sales consolidated) *</b>	<b>1,830.0</b>	<b>±0%</b>	<b>24.0</b>	<b>+55.6</b>

• The figures in "Appliances (production and sales consolidated)" and "AVC Networks (production and sales consolidated)" include the sales and profits of sales division for consumer products, which are included in "Corporate and eliminations."

- Full year forecasts by segment for fiscal 2014 are shown here.
- The forecasts for Appliances and AVC Networks will be stated on a consolidated basis (production and sales consolidated) which are shown at the bottom of the slide.

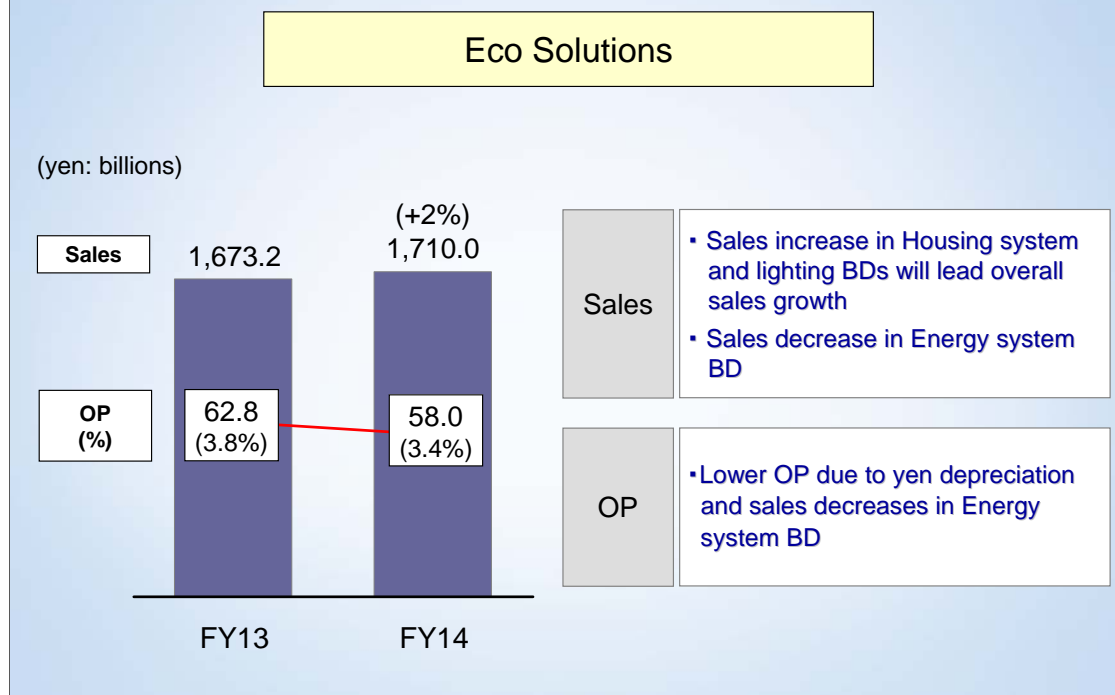
## FY14 Forecast by Segment

### Appliances (production and sales consolidated)



- First, Appliances.
- Sales are expected to increase by 3% from last year, as sales in China will recover following last year's decrease. Sales expansion in B to B business, such as large-sized air conditioners and cold chains, are also expected to contribute to an overall sales increase.
- Operating profit is expected to increase by 63.0 billion yen, an increase of 4.5 billion yen from last year. The negative impact of the yen depreciation will be offset by sales increases and cost reductions.

## FY14 Forecast by Segment

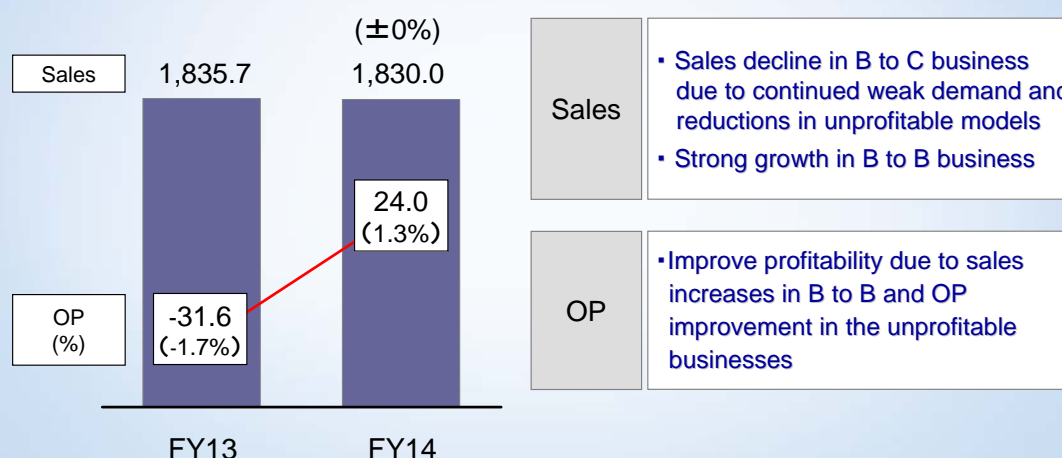


- Sales in Eco Solutions are expected to increase by 2% from last year. Sales in Energy system BD are forecast to be lower due mainly to price declines in solar photovoltaic cells. However, sales increases in Housing system and lighting BDs, which will benefit from the demand surge before the consumption tax increase in Japan, will contribute to overall sales growth.
- On the other hand, operating profit is expected to be 58.0 billion yen, a decrease of 4.8 billion yen. This is due to the negative impact of yen depreciation and price declines in solar photovoltaic cells in Energy system BD.

## FY14 Forecast by Segment

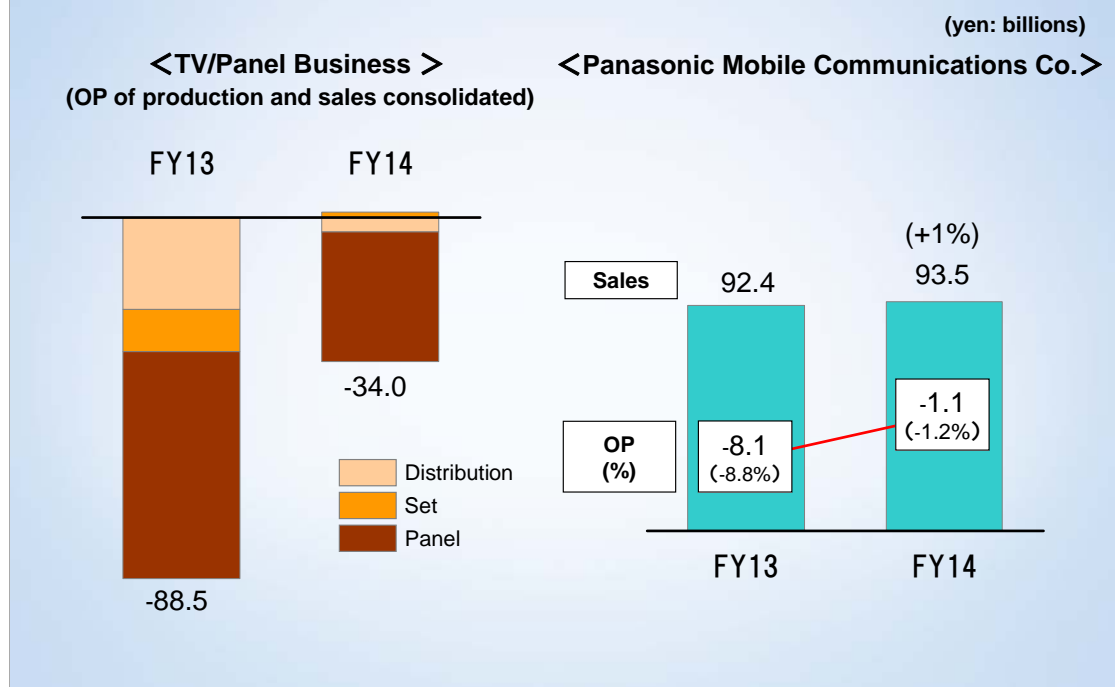
### AVC Networks (production and sales consolidated)

(yen: billions)



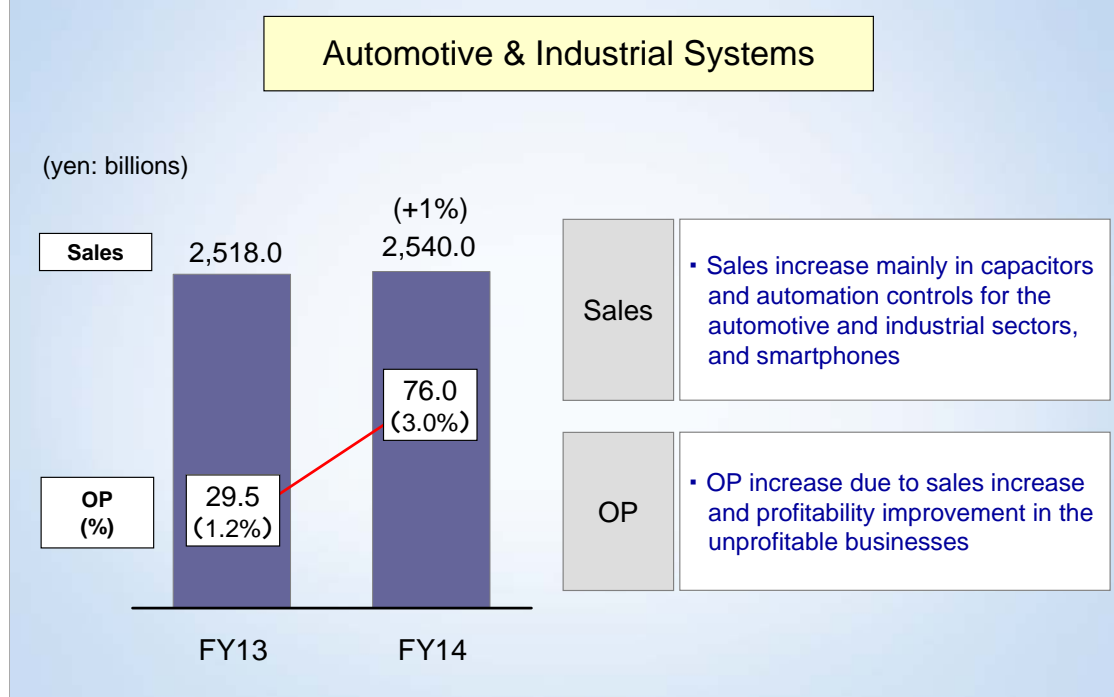
- Sales in AVC Networks are expected to remain at the same level as last year. Sales in the B to C business are forecast to decrease, due to continued weak demand and reductions in unprofitable models. Sales in the B to B business will continue to be strong.
- On the other hand, operating profit is expected to return to the black of 24.0 billion yen (up 55.6 billion yen), due to sales increases in the B to B business. Improvement in the operating losses in the unprofitable businesses such as TVs and mobile phones will also contribute to improvement in profitability.

## FY14 Major Unprofitable Businesses



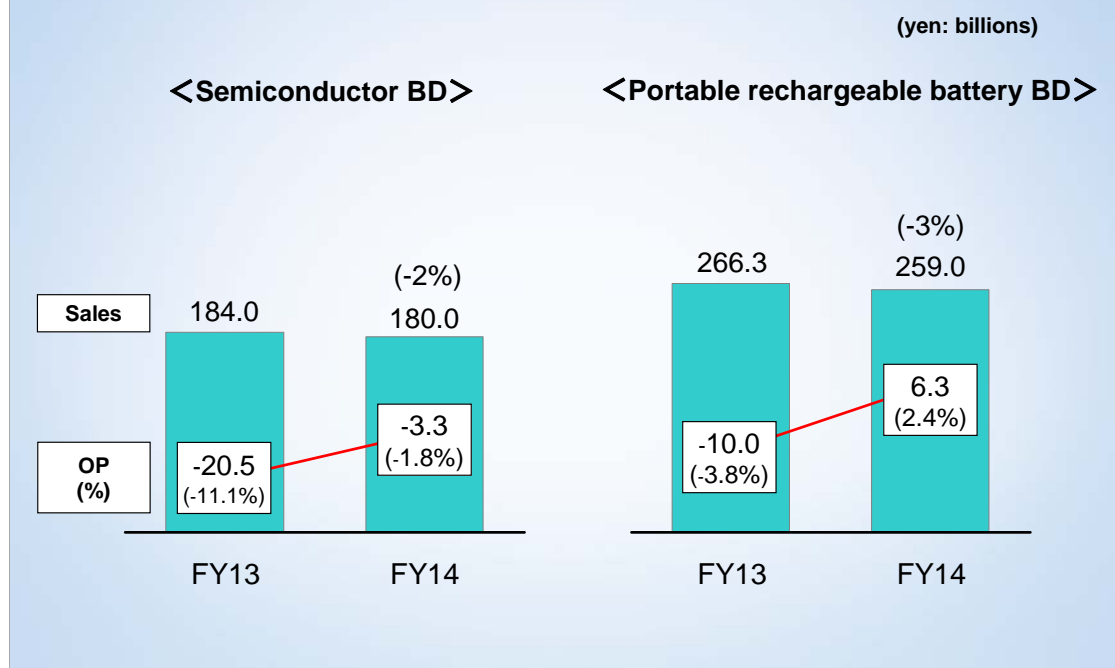
- Next, forecasts for TV/Panel Business and Panasonic Mobile Communications Co., Ltd.
- Operating loss in TV/Panel business is expected to be 34.0 billion yen. However, the level of loss is forecast to improve by 54.5 billion yen from last year due to streamlining in the set business as well as shifting to non-TV application in the panel business.
- Sales in Panasonic Mobile Communications Co., Ltd. (PMC) are expected to increase by 1% from last year, while operating loss is forecast to be 1.1 billion yen, an improvement of 7.0 billion yen. PMC will promote the summer model smartphones proactively as well as reduce R&D costs.

## FY14 Forecast by Segment



- Next, Automotive & Industrial Systems.
- Sales are expected to increase by 1% from last year as favorable sales are predicted mainly in capacitors and automation controls for the automotive and industrial sectors, and smartphones.
- Operating profit is expected to improve significantly to 76.0 billion yen, an improvement of 46.5 billion yen from last year. This is due to sales increase and profitability improvement in the unprofitable businesses such as semiconductors and lithium-ion batteries for consumer-use.

## FY14 Forecast of Major Unprofitable Businesses

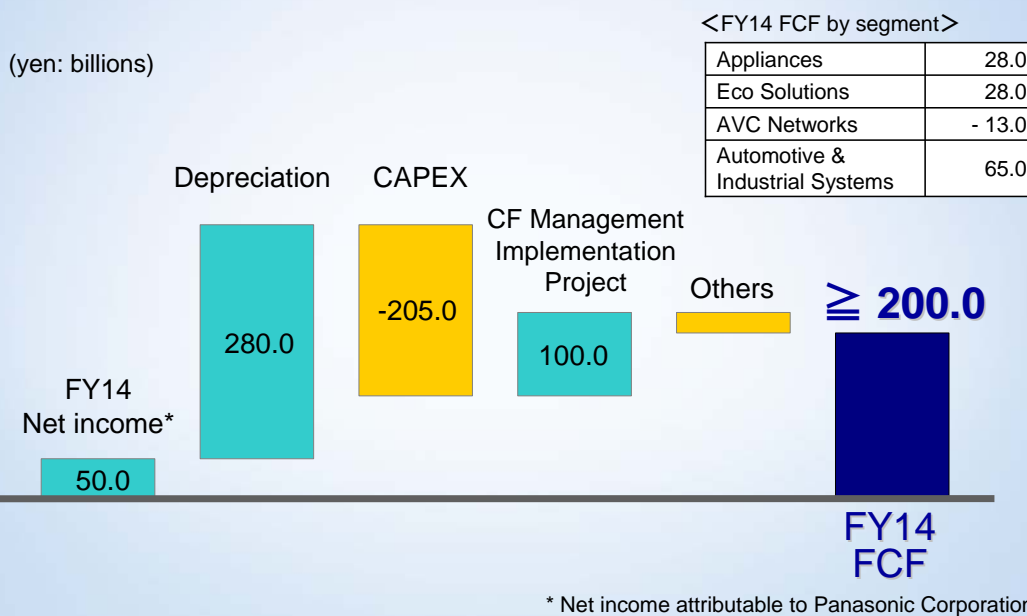


- Next, forecasts for Semiconductor BD (excluding system LSI) and Portable rechargeable battery BD (including lithium-ion batteries for consumer-use and others).
- Sales in Semiconductor BD are expected to decrease by 2% from last year as a result of weak sales in the digital AV field. On the other hand, although profitability will improve significantly due mainly to fixed cost reductions, operating profit is forecast to be minus 3.3 billion yen.
- Sales in Portable rechargeable battery BD is expected to decrease by 3% as the Company puts more emphasis on profitability rather than sales increases. However, operating profit is expected to return to the black of 6.3 billion yen, showing a significant improvement as a result of fixed cost reductions.



# Free Cash Flow Forecast

Generation of more than 200 billion yen cash through CAPEX reduction and 'CF Management Implementation Project'



- Finally, free cash flow forecast.
- In addition to the reduction in capital expenditures, an improvement is expected mainly in working capital as a result of the 'CF Management Implementation Project' which started in fiscal 2013. The Company aims to generate a free cash flow of more than 200.0 billion yen in fiscal 2014.
- FCF forecast by segment is shown on the right hand side of the slide.
- Following these measures, the Company targets a net cash position better than minus 500.0 billion yen at the end of fiscal 2014.

## FY14 Financial Targets

Operating profit  $\geq$  250 billion yen

Net income\*  $\geq$  50 billion yen

FCF  $\geq$  200 billion yen

\* Net income attributable to Panasonic Corporation

- The Company strives to improve its unprofitable businesses and implement measures to enhance profitability in each business division. Furthermore, by implementing corporate-wide fixed cost reductions, the Company endeavours to achieve an operating profit of more than 250.0 billion yen and net income attributable to Panasonic Corporation of more than 50.0 billion yen.
- Following fiscal 2013, the Company continues to implement cash generation measures vigorously this fiscal year. The Company also aims to achieve steady improvement in the net cash position by generating a free cash flow of more than 200.0 billion yen .

# Panasonic

- Thank you for your continued support.

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