

Fiscal 2017 Second Quarter Financial Results

October 31, 2016

Panasonic Corporation

*Note: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "Fiscal 2017" or "FY17" refers to the year ending March 31, 2017.*

- This presentation contains consolidated financial results for the second quarter of fiscal 2017.

Contents

1. **Summary**
2. **FY17 Second Quarter Financial Results**
3. **FY17 Full-year Financial Forecast**

- Let me start with a summary of today's presentation.

Summary

2Q Results

- Sales stayed at the same level as last year in real terms, but decreased by the large effect of exchange rates.
- Operating profit decreased mainly due to the impact from the special demand last year in addition to the effect of exchange rates and a fixed cost increase.

Full-year Financial Forecast

- Revised downward full-year forecast reflecting the significant effect of exchange rates and stagnant business environment.
- Target 20 yen or more of full-year dividend payout, setting the lower limit of year-end dividend as 10 yen

- The sales of the second quarter stayed at the same level as last year in real terms excluding the effect of exchange rates. This was because of the new consolidation of Hussmann as a subsidiary and the favorable automotive business including batteries, despite the negative impact of the Kumamoto Earthquake and sales decreases mainly due to worsening solar market conditions. However, overall sales were down due to the significant effect of exchange rates.
- The operating profit decreased due to factors such as an increase in fixed costs mainly resulting from the implementation of upfront investments and the impact from the special demand in the solutions business last year, in addition to the effect of exchange rates.
- Full-year forecast including sales, operating profit and net income attributable to owners of the parent company is revised down taking into account the current exchange rates, business environment and accelerated investment for future growth.
- Taking into consideration the Company's policy for returning profit to shareholders, Panasonic has declared an annual dividend of 20 yen or more per share, while FY17 full-year forecast is revised down.

Contents

1. Summary
2. FY17 Second Quarter Financial Results
3. FY17 Full-year Financial Forecast

- Next, the financial results for the second quarter (July to September) in fiscal 2017.

FY17 2Q Financial Results

(yen : billions)

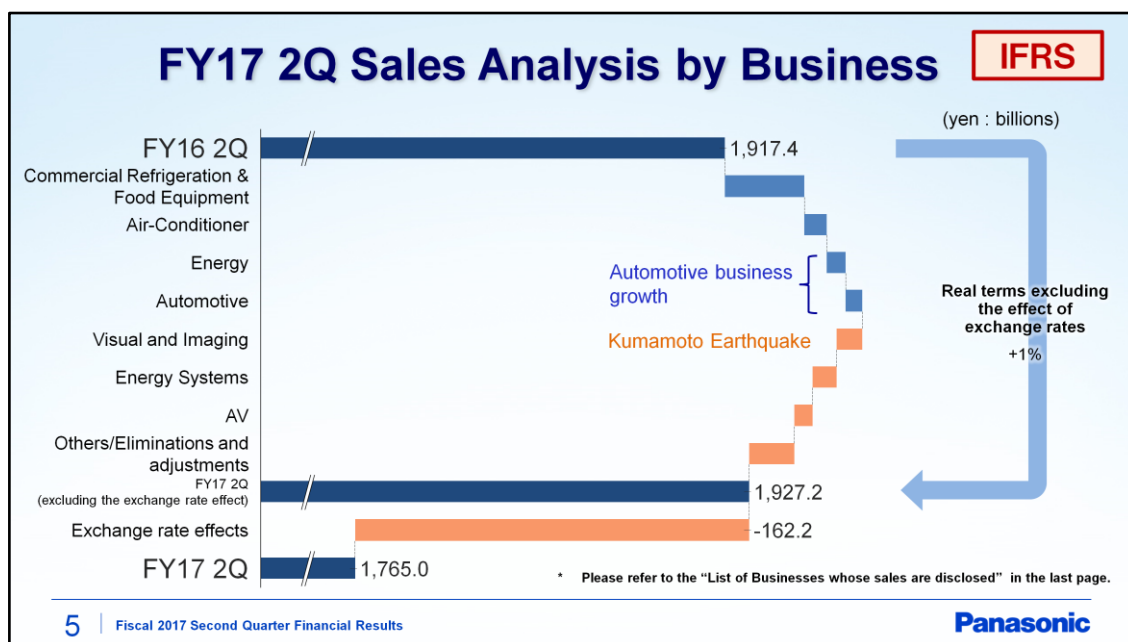
	IFRS(unreviewed)			US GAAP		
	FY17 2Q	FY16 2Q	vs. FY16 2Q	FY17 2Q	FY16 2Q	vs. FY16 2Q
Sales	1,765.0	1,917.4	-8% (+1%) *	1,747.0	1,902.6	-8% (±0%) *
Adjusted operating profit **	87.2	129.8	-33%	-	-	-
Other income/loss	19.1	-22.6	-	-	-	-
Operating profit	106.3	107.2	-1%	77.7	123.9	-37%
Non-operating income/loss	0.2	-5.3	-	16.7	-32.5	-
Pre-tax income	106.5	101.9	+5%	94.4	91.4	+3%
Net income ***	104.3	54.6	+91%	98.2	51.8	+89%
FCF	-64.0	-39.1		-60.9	-37.0	
Exchange rates	1 US dollar	102 yen	122 yen			
	1 Euro	114 yen	136 yen			
	1 Renminbi	15.4 yen	19.3 yen			

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

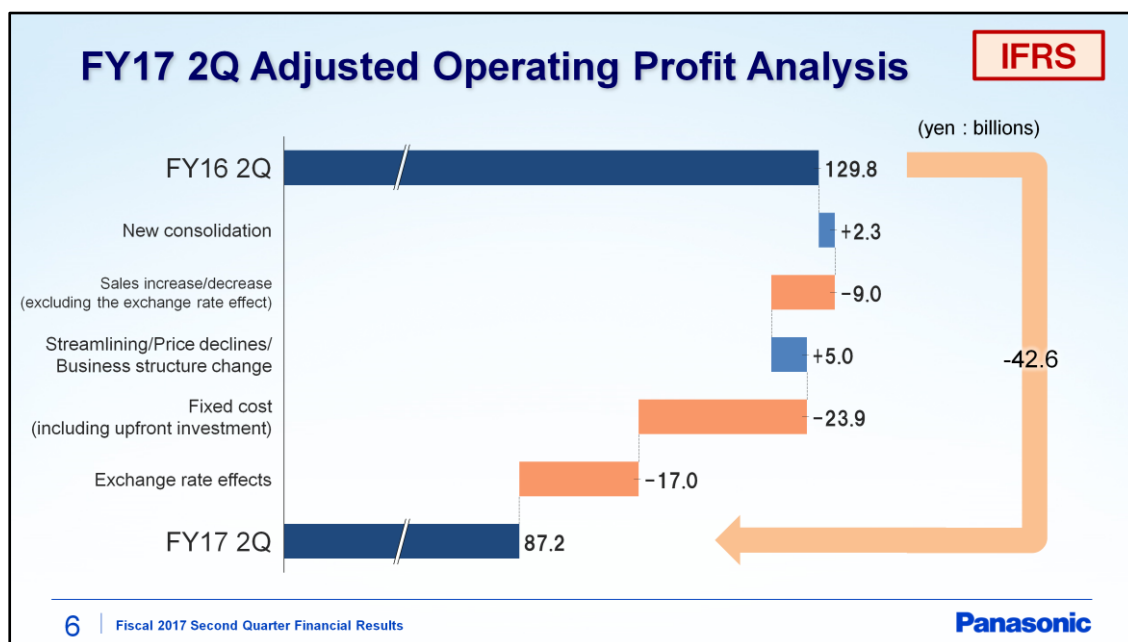
** IFRS: Adjusted operating profit = sales-cost of sales-SG&A

*** Net income attributable to owners of the parent company (IFRS)/
Net income attributable to Panasonic Corporation (US GAAP)

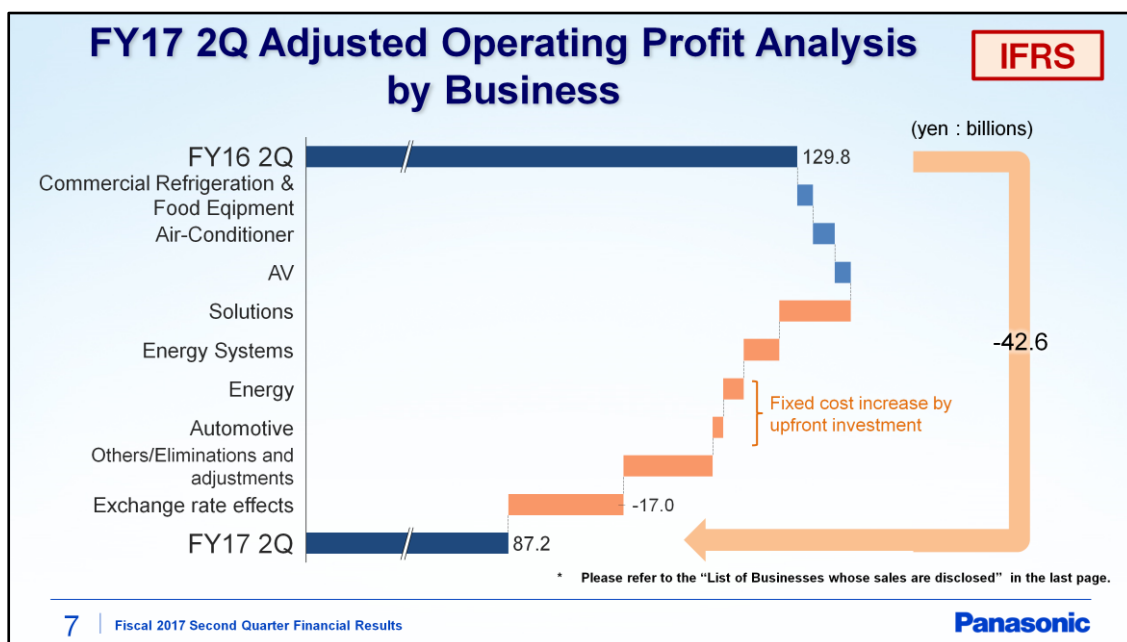
- The US GAAP applies to quarterly financial results until the third quarter of fiscal 2017. Meantime, the Company will be adopting IFRS from the year-end financial results of fiscal 2017 and has already adopted IFRS as internal management control system. Therefore, the subsequent presentation will be made on an IFRS basis, while such figures are unreviewed.
- Sales decreased from last year by 8%. However, in real terms excluding the effect of exchange rates, sales remained at the same level as last year mainly due to sales increases in the automotive business, in addition to the benefits from the new consolidation.
- The adjusted operating profit, which closely corresponds to the operating profit on US GAAP basis, decreased by 42.6 billion yen to 87.2 billion yen largely due to the effect of exchange rates and the impact from the special demand in the solutions business last year.
- An income of 19.1 billion yen was posted as other income/loss, an increase of 41.7 billion yen. The operating profit decreased by 0.9 billion yen to 106.3 billion yen, and the net income attributable to owners of the parent company increased by 49.7 billion yen to 104.3 billion yen.
- The free cash flow was minus 64.0 billion yen.



- First, I'll explain sales analysis by business.
From the second quarter of fiscal 2017 onward, the sales analysis will be shown based on the businesses whose sales are disclosed, recording a large sales increase/decrease from last year. Please refer to the "list of businesses whose sales are disclosed" in the last page of this presentation.
- Let's look at sales in real terms excluding the effect of exchange rates.
With regard to the Commercial Refrigeration & Food Equipment Business, sales increased due to benefits from the newly-consolidated Hussmann. Sales also increased in the Air-Conditioner Business, driven by sales expansion in China, Europe, and Asia.
Both the Energy Business and the Automotive Business achieved increased sales due to favorable performance of the automotive business including rechargeable batteries.
- However, sales in the Visual and Imaging Business decreased due to the negative impact of the Kumamoto Earthquake.
Sales also decreased in the Energy Systems Business due to weaker solar sales affected by worsening market conditions.
The AV Business sales decreased due to struggles in the European TV market.
- As a result, sales in real terms remained at last year's level. However, overall sales were down because of the significant effect of exchange rates.



- Next, I'll explain year-on-year changes in the adjusted operating profit.
- The adjusted operating profit decreased by 9.0 billion yen mainly due to the impact of a decrease in sales in the solar business despite an increase in profit by 2.3 billion yen due to the new consolidation.
- Although efforts were made aiming to offset such impact by streamlining of material related processes, the profit was improved by only 5.0 billion yen.
- In addition, the overall adjusted operating profit decreased by 42.6 billion yen to 87.2 billion yen due to an increase in fixed cost including upfront investments, and the effect of exchange rates.



- This shows year-on-year changes in the adjusted operating profit by the businesses whose sales are disclosed.
- The following three businesses increased profits through their respective factors; the Commercial Refrigeration & Food Equipment Business due to the new consolidation of Hussmann, the Air-Conditioner Business due to the contribution of premium consumer products, and the AV Business due to the efforts on improving profitability by shifting to high value-added products such as 4K TVs.
- The Solutions Business significantly decreased profits in this term due to the impact from the special demand last year, while the Energy Systems Business decreased profits due to a significant decrease in sales of solar-related products.
- In addition, the Energy and Automotive Businesses' profits decreased due to an increase in upfront investments made to lay a foundation for future growth.
- Furthermore, the effect of exchange rates was significant, resulting in the overall figure of 87.2 billion yen.

Operating Profit and Net Income

(yen : billions)

	IFRS(unreviewed)		US GAAP	
	FY17 2Q	vs. FY16 2Q	FY17 2Q	vs. FY16 2Q
Adjusted operating profit	87.2	-42.6	-	-
Other income/loss	19.1	+41.7	-	-
Operating profit	106.3	-0.9	77.7	-46.2
Non-operating income/loss	0.2	+5.5	16.7	+49.2
Pre-tax income	106.5	+4.6	94.4	+3.0
Provision for income taxes	-4.2	-43.9	-9.0	-42.2
Net income	110.7	+48.5	103.4	+45.2
Less net income attributable to non-controlling interests	6.4	-1.2	5.2	-1.2
Net income attributable to owners of the parent company	104.3	+49.7	98.2	+46.4

* Including equity in earnings of associated companies

** Net income attributable to Panasonic Corporation

- This shows the operating profit and net income.
- Gains from the business transfer as well as reversal of allowance for legal cost contributed to an increase in profit of 41.7 billion yen from last year, resulting in the other income/loss of 19.1 billion yen. Operating profit was 106.3 billion yen, staying at the same level as last year.
- Pre-tax income was increased by 4.6 billion yen to 106.5 billion yen. As a result, net income attributable to owners of the parent company was increased by 49.7 billion yen to 104.3 billion yen.
- These are mainly due to 18.2 billion yen benefit from the recording deferred tax asset as a result of the board resolution to a liquidation of Panasonic Plasma Display Co., Ltd..

FY17 2Q Results by Segment

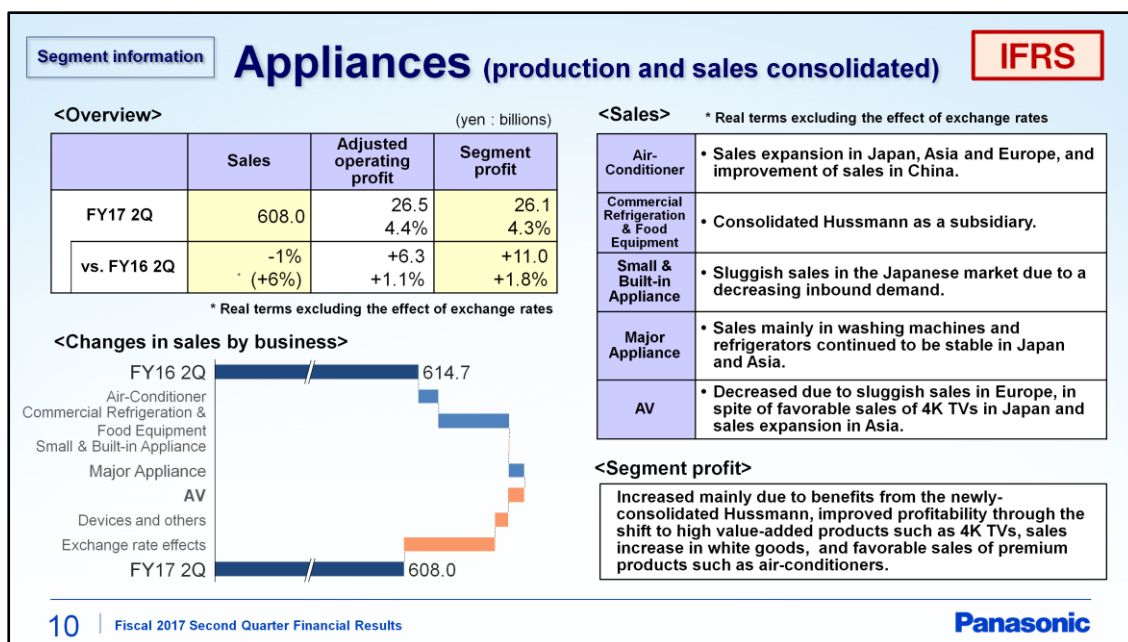
IFRS

(yen : billions)

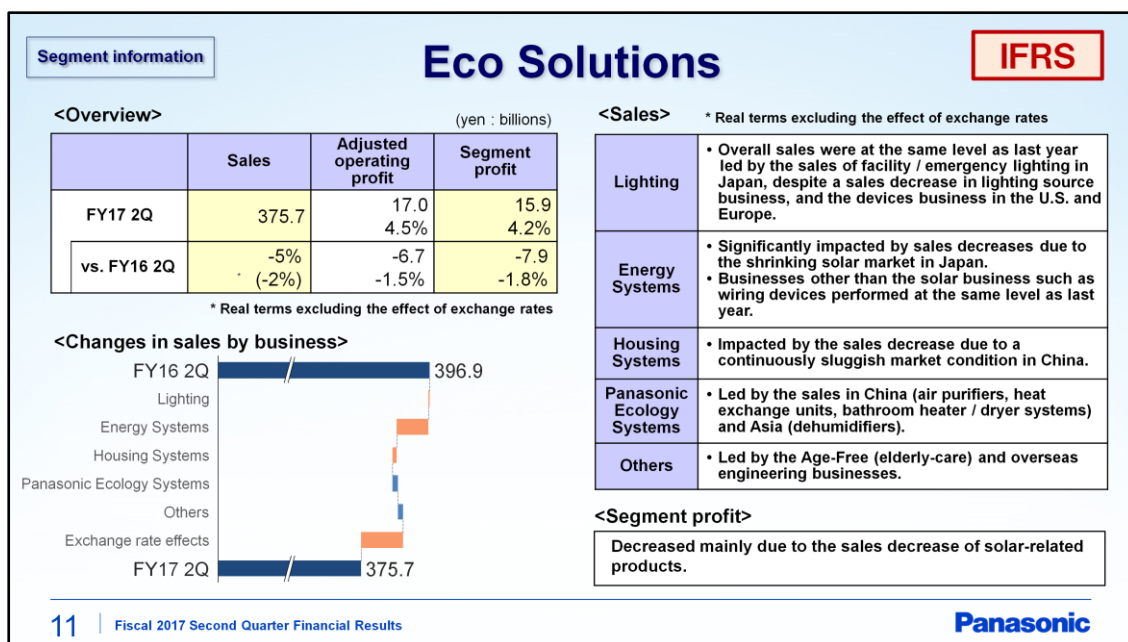
	FY17 2Q							
	Sales	vs. FY16 2Q	Adjusted operating profit	vs. FY16 2Q	Other income/loss	vs. FY16 2Q	Segment profit	vs. FY16 2Q
Appliances	568.8	-2.5	27.5	+5.4	-0.4	+4.6	27.1	+10.0
Eco Solutions	375.7	-21.2	17.0	-6.7	-1.1	-1.2	15.9	-7.9
AVC Networks	242.5	-58.0	13.9	-13.8	-1.1	-1.5	12.8	-15.3
Automotive & Industrial Systems	633.0	-57.0	20.2	-22.1	26.7	+31.6	46.9	+9.5
Other	144.5	-8.7	3.9	-2.4	0.2	-0.2	4.1	-2.6
Subtotal	1,964.5	-147.4	82.5	-39.6	24.3	+33.3	106.8	-6.3
Eliminations and adjustments	-199.5	-5.0	4.7	-3.0	-5.2	+8.4	-0.5	+5.4
Consolidated total (IFRS)	1,765.0	-152.4	87.2	-42.6	19.1	+41.7	106.3	-0.9
Appliances (production and sales consolidated)	608.0	-6.7	26.5	+6.3	-0.4	+4.6	26.1	+11.0

Note: IFRS figures are unreviewed.

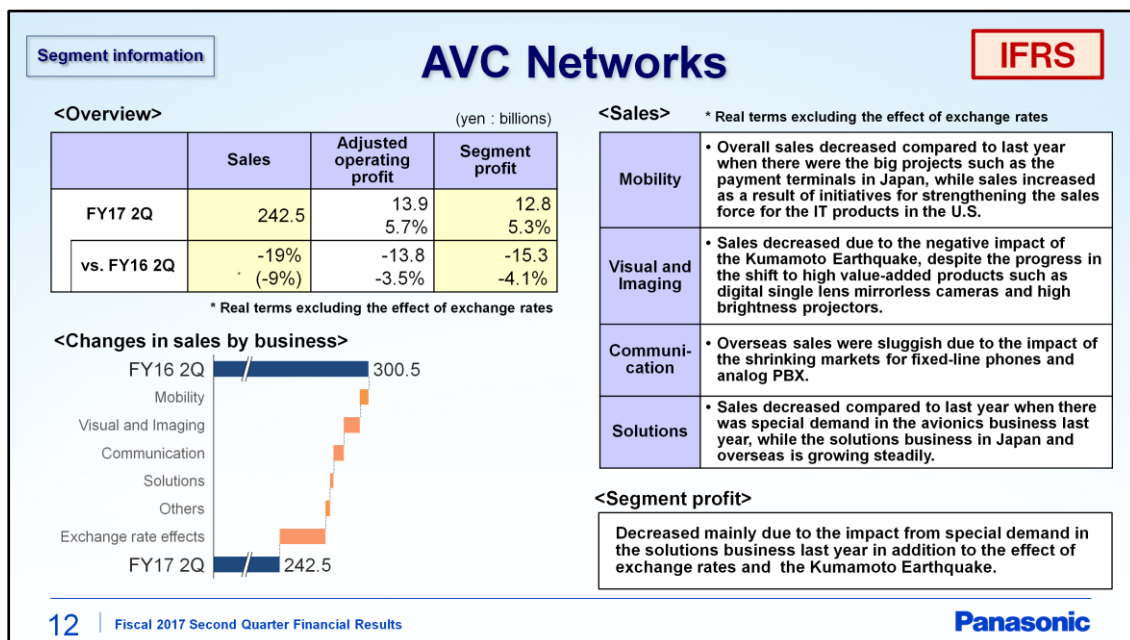
- Next, I'll explain the results by segment.



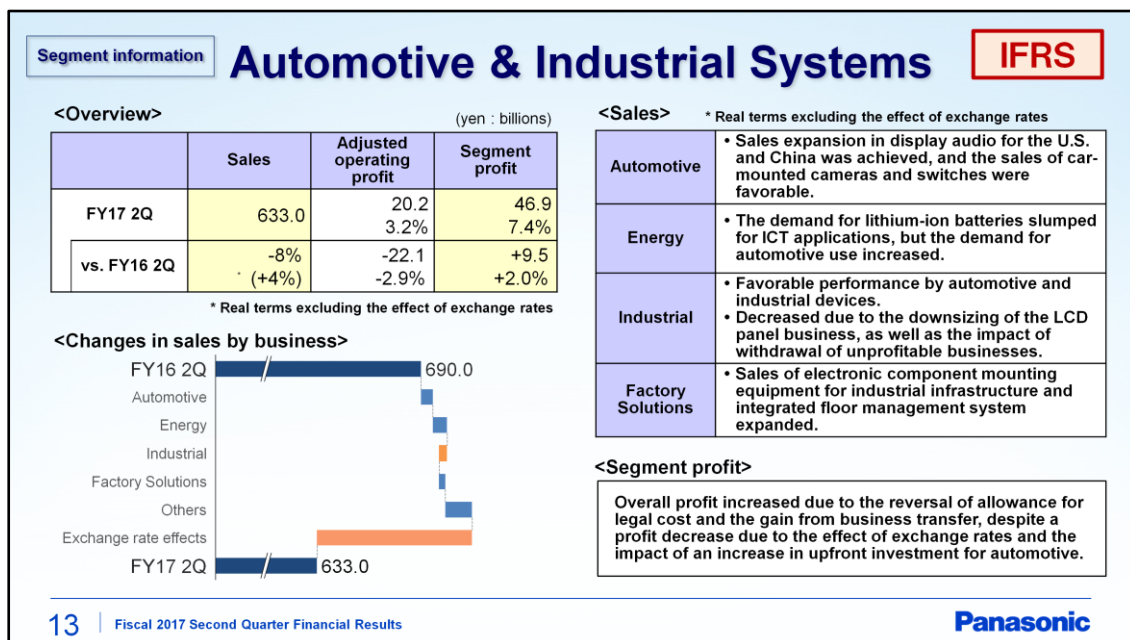
- Let's start with the results of Appliances based on production and sales consolidated.
- The business environment in the second quarter was as follows. In Japan, the aggregate demand in the industry was minus 3% compared to the last year's figure due to the irregular weather. However, the Company was able to increase its market share by approximately 1% in the first half, as a result of harvesting actual demand of 4% y-y, more than the rest of the industry. With regard to overseas, the market in China continues to be tough, whereas Asia maintains favorable conditions.
- Sales increased by 6% from last year in real terms excluding the effect of exchange rates.
- Let's look at the results by main business. In the Air-Conditioner Business, sales increased due to an improvement in sales in China in addition to sales expansion in Japan, Asia, and Europe.
- In the Major Appliance Business, sales increased due to continued favorable sales such as washing machines and refrigerators in Japan and Asia.
- On the other hand, the AV Business decreased sales due to struggles in the European market although the Company harvested demand for 4K TVs in Japan associated with the Rio 2016 Olympics.
- The segment profit increased due to improved profitability achieved through the shift to high value-added products such as 4K TVs and the contribution of premium consumer products focused on air-conditioners, as well as benefits from the new consolidation of Hussmann.



- Next, let's examine Eco Solutions.
- As the business environment in the second quarter, new housing starts in Japan have exceeded last year's level, showing signs of recovery. However, the residential solar market in Japan remains in a tough conditions due to price declines and intensified competition.
- Sales decreased from last year by 2% in real terms excluding the effect of exchange rate.
- This is mainly due to a sales decrease owing to the shrinking residential solar market in Japan.
- The segment profit also decreased mainly due to the impact of the sales decrease of solar-related products.



- Next, let's look at AVC Networks. The negative impact of the Kumamoto Earthquake is still affecting component procurement for the Visual and Imaging Business.
- Sales were down by 9% year-on-year in real terms excluding the effect of exchange rates.
- Looking at the figures by business, the Mobility Business decreased sales compared to last year when there were the big projects, such as the payment terminals in Japan.
- The Visual and Imaging Business decreased sales due to the negative impact of the Kumamoto Earthquake, which could not be offset by stable sales of high value-added products.
- The Communication Business decreased sales particularly in the U.S. and Asia due to the impact of the shrinking markets for fixed-line phones and other products.
- The Solutions Business decreased sales compared to last year when there was special demand in the avionics business, while the solutions business in Japan and overseas is growing steadily.
- The segment profit decreased mainly due to the impact from special demand in the solutions business last year in addition to the effect of exchange rates and the Kumamoto Earthquake.



- Finally, I'll explain Automotive & Industrial Systems.
- As the business environment in the second quarter, vehicle sales were generally favorable on a global basis. With regard to ICT-related products, the notebook PC market continued to shrink, and the smartphone market showed only a moderate growth.
- Under these circumstances, sales increased by 4% from last year in real terms excluding the effect of exchange rates.
All businesses other than the Industrial Business increased sales.
- The Automotive Business achieved increased sales due to the favorable performance such as display audio, car-mounted cameras, and switches.
- In the Energy Business, overall sales increased due to the demand growth of lithium-ion batteries for automotive use despite the slump for ICT applications.
- The Industrial Business decreased sales due to the impact of the downsizing of the LCD panel business for TVs and withdrawal from optical disc drive business, despite the stable performance by automotive and industrial devices.
- The Factory Solutions Business increased sales due to the sales expansion of electronic component mounting equipment for industrial infrastructure and integrated floor management systems.
- The adjusted operating profit decreased due to the effect of exchange rates, which is the main factor, and an increase in fixed costs resulting from an upfront investment in the automotive business.
- The segment profit increased due to the gain from the business transfer and the reversal of allowance for legal cost.

TV and Six Large-Scale BDs

IFRS

(yen : billions)

	FY17 2Q							
	Sales		Adjusted operating profit		Other income/loss		BD profit ***	
		vs. FY16 2Q		vs. FY16 2Q		vs. FY16 2Q		vs. FY16 2Q
Air-Conditioner *	109.1	+0.5	4.9	+3.8	-0.6	+0.3	4.3	+4.1
Lighting	74.5	-3.3	4.1	-0.5	0.1	+1.2	4.2	+0.7
Housing Systems	91.3	-1.6	3.9	-0.5	-1.2	-1.2	2.7	-1.7
Automotive Infotainment Systems	119.2	-14.2	6.0	-2.3	-0.1	-0.2	5.9	-2.5
Rechargeable Battery **	87.7	-1.7	-5.7	-6.9	14.3	+17.8	8.6	+10.9
PanaHome	93.0	-5.6	4.2	-2.2	0.0	-0.0	4.2	-2.2
TV *	71.0	-16.2	1.7	+1.0	0.1	+3.4	1.8	+4.4

* Including sales division (production & sales consolidated)

** Rechargeable Battery BD + Tesla BU

*** "BD profit" refers to IFRS operating profit.

- Here are the results of the six large-scale and TV Business Divisions.

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2. FY17 Second Quarter Financial Results
3. **FY17 Full-year Financial Forecast**

- Next, I'll go through FY17 full-year forecast.

FY17 Full-Year Forecast Revision

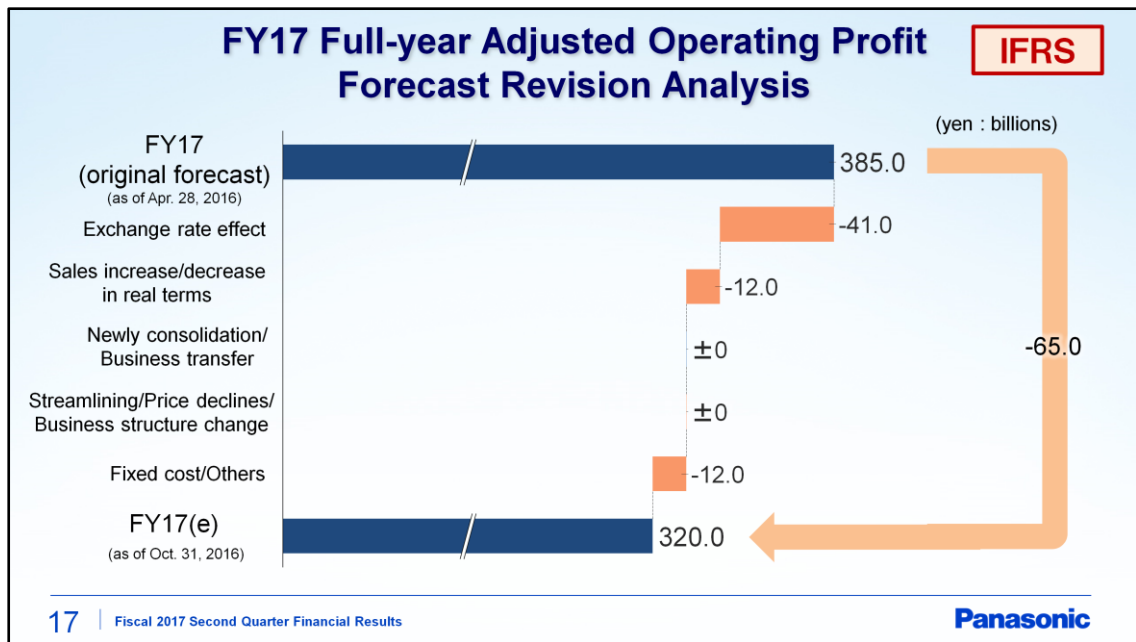
IFRS

(yen: billions)

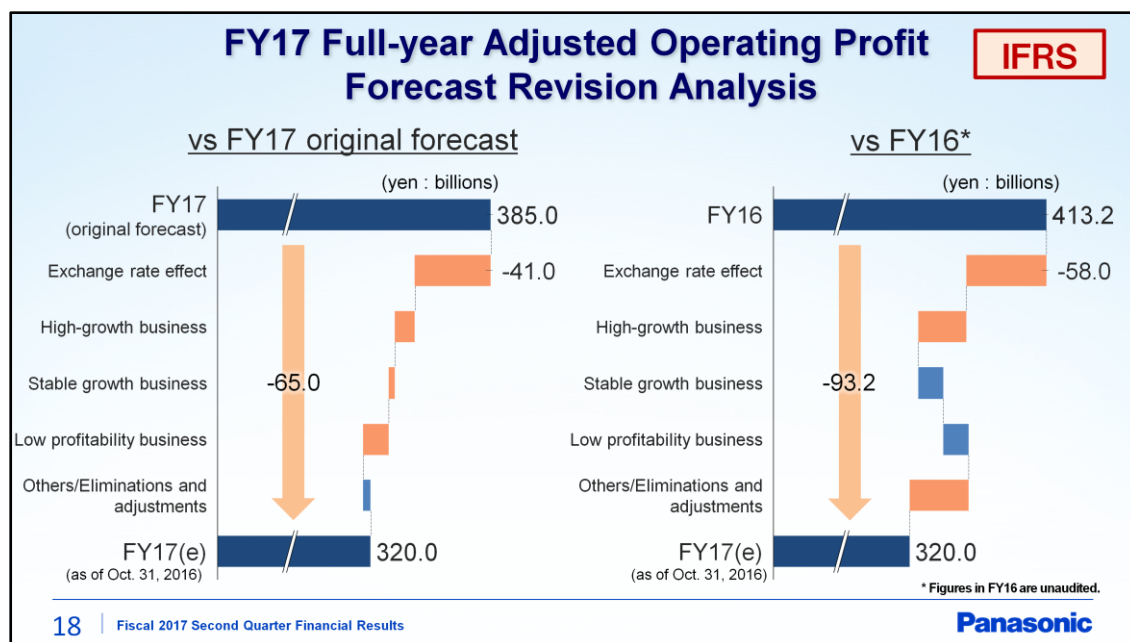
		FY17(e) (As of Oct. 31, 2016)	FY17 (original forecast) (as of Apr. 28, 2016)	vs FY17 original forecast	FY16*	vs FY16*
Sales		7,200.0	7,600.0	-400.0	7,626.3	-426.3
Adjusted operating profit		320.0	385.0	-65.0	413.2	-93.2
Other income/loss		-75.0	-75.0	-	-182.9	+107.9
Operating profit		245.0	310.0	-65.0	230.3	+14.7
Non-operating income/loss		-5.0	-10.0	+5.0	-2.0	-3.0
Pre-tax income		240.0	300.0	-60.0	228.3	+11.7
Net income attributable to owners of the parent company		120.0	145.0	-25.0	159.6	-39.6
FCF (excluding strategic investment)		≥ 150.0	≥ 150.0	-	227.3	-
Exchange rates	1 US dollar	103 yen	115 yen	-12 yen	120 yen	-17 yen
	1 Euro	114 yen	125 yen	-11 yen	133 yen	-19 yen
	1 Renminbi	15.5 yen	17.6 yen	-2.1 yen	18.9 yen	-3.4 yen

* Figures in FY16 are unaudited.

- Sales forecast is revised down by 400.0 billion yen from the original forecast to 7.2 trillion yen. This mainly comes from the effect of exchange rates which is expected to amount to 360.0 billion yen.
- Adjusted operating profit is revised down by 65.0 billion yen to 320.0 billion yen due mainly to sluggish sales in solar-related products and ICT-related devices, in addition to 41.0 billion yen from the effect of exchange rates.
- Pre-tax income is revised down by 60.0 billion yen to 240.0 billion yen.
Net income attributable to the owners of the parent company is revised down by 25.0 billion yen to 120.0 billion yen.
- Free cash flow excluding the strategic investment remains unchanged to achieve 150.0 billion yen or more.



- This shows FY17 full-year adjusted operating profit forecast analysis.
- As shown on the slide, adjusted operating profit is revised down by 65.0 billion yen due mainly to the most significant effect of 41.0 billion yen from exchange rates as well as the sales decrease in real terms which excludes the effect of exchange rates.



- These charts are for your reference, showing FY17 full-year adjusted operating profit forecast revision analysis by three categories of business, high-growth business, stable growth business and low profitability business which were explained in business policy on March 31, 2016. Please refer to page 28 about major business areas in each business category.
- In the left side chart of comparison with the original forecast, adjusted OP forecast for the high-growth business excluding the effect of exchange rates, is revised down due mainly to an upfront investment for rechargeable battery business.
- The forecast for the stable growth business is revised down due to sales decrease in solar business, while Air-conditioner Business is expected to improve.
- The forecast for low profitability business is also revised down, taking into account severe business environment in the device solutions where ICT related business is struggling, and office products where the market is shrinking faster than expected.
- In the right side chart of comparison with last year's figures, adjusted OP for the high-growth business is expected to decrease due to the upfront investment for future growth in automotive business. Adjusted OP for the stable growth business is expected to increase due to the contribution from white goods business mainly in air-conditioners, despite sales decrease in solar business. Adjusted OP for low profitability business is also expected to increase due to its profit improvement in Mobility Business where its sales structure has been strengthening and Communication Business.
- In comparison with the last year's result, our growth strategy in each category of business is steadily implemented, despite the effect of exchange rates.

FY17 Full-Year Forecast Revision by Segment

IFRS

(yen: billions)

	FY17(e) (as of Oct. 31, 2016)							
	Sales	Difference	Adjusted operating profit	Difference	Other income/loss	Difference	Segment profit	Difference
Appliances	2,280.0	-90.0	110.0	+3.6	-7.0	+2.4	103.0	+6.0
Eco Solutions	1,570.0	-70.0	84.0	-11.8	-5.0	+0.8	79.0	-11.0
AVC Networks	1,045.0	-130.0	60.0	-14.5	-10.0	+5.5	50.0	-9.0
Automotive & Industrial Systems	2,470.0	-170.0	76.0	-41.0	17.0	+34.0	93.0	-7.0
Other	630.0	-60.0	12.0	-2.0	-7.0	+2.0	5.0	-
Eliminations and adjustments	-795.0	+120.0	-22.0	+0.7	-63.0	-44.7	-85.0	-44.0
Consolidated total (IFRS)	7,200.0	-400.0	320.0	-65.0	-75.0	-	245.0	-65.0
Appliances (production and sales consolidated)	2,500.0	-100.0	110.0	+0.6	-7.0	+2.4	103.0	+3.0

- This shows FY17 full-year forecast revision by segment.
- In Appliances, sales forecast is revised down due to the effect of exchange rates. Adjusted OP forecast is revised up due to the positive impact such as the effect of exchange rates where products are imported from overseas factories to Japan, and favorable sales of premium products in white goods.
- In Eco Solutions, forecasts of both sales and adjusted OP are revised down mainly due to the severe business environment in solar business in addition to the effect of exchange rates.
- In AVC Networks, sales forecast is revised down, taking into account the severe business environment in Visual and Imaging Business where the Kumamoto Earthquake affected and Communication Business where the market is shrinking, in addition to the effect of exchange rates. Adjusted OP forecast is also revised down due to the effect from exchange rates and the earthquake.
- In Automotive & Industrial Systems, sales forecast is revised down due to the effect of exchange rates. Adjusted OP forecast is also revised down, taking into account the struggling ICT related devices and expenses for the ramp-up production in Gigafactory, in addition to the effect of exchange rates.
- In solar business, while the severe market environment is expected to continue in Japan, the Company aims to increase the market share where new products are launched and also expand its sales in overseas market such as Turkey, India, and North America.

Forecast revision in TV and Six Large-Scale BDs

IFRS

(yen: billions)

	FY17(e) (as of Oct. 31, 2016)							
	Sales		Adjusted operating profit		Other income/loss		Segment profit	
		vs. FY16		vs. FY16		vs. FY16		vs. FY16
Air-Conditioner *	458.5	-46.1	29.7	-	-2.2	-	27.5	-
Lighting	319.0	-19.8	25.2	-	-0.9	-	24.3	-
Housing Systems	370.0	-	17.0	-	-0.6	-	16.4	-
Automotive Infotainment Systems	478.0	-28.1	25.6	-	-0.1	-	25.5	-
Rechargeable Battery **	333.8	-33.0	-13.8	-24.0	12.3	+19.0	-1.5	-5.0
PanaHome ***	370.0	-30.0	-	-	-	-	16.0	-5.5
TV *	303.4	-22.4	5.3	-	-2.2	-	3.1	-

* Including sales division (production & sales consolidated)

** Rechargeable Battery BD + Tesla BU

*** PanaHome Corporation's forecast (Japan GAAP)

- Here is FY17 full-year forecast revision in TV and six large-scale BDs.



- While FY17 full-year forecast is revised down as explained, the management structure has been improving steadily. The Company will continue to make the strategic investment of total 1 trillion yen for future growth in FY18 and onwards.
- At this point, approximately 70% of 1 trillion yen strategic investments have been completed or the projects are finalized.

Set Lower Limit of Year-End Dividends

Interim dividends	Year-end dividends (e)	Total dividend (e)
10 yen	10 yen or more	20 yen or more

- Here is FY17 dividend payout forecast.
- Taking into consideration the Company's policy for returning profit to shareholders, Panasonic has declared an annual dividend of 20 yen per share or more, setting the lower limit of year-end dividend as 10 yen, while FY17 full-year forecast is revised down.



- Considering this severe business environment, Panasonic will further take company-wide proactive measures and accelerate its initiatives towards sustainable future growth.
- Thank you for your continuous support and understanding.

Disclaimer Regarding Forward-Looking Statements

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

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

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.

(Reference) **Main Changes in Accounting Standards(P/L)**

(yen : billions)

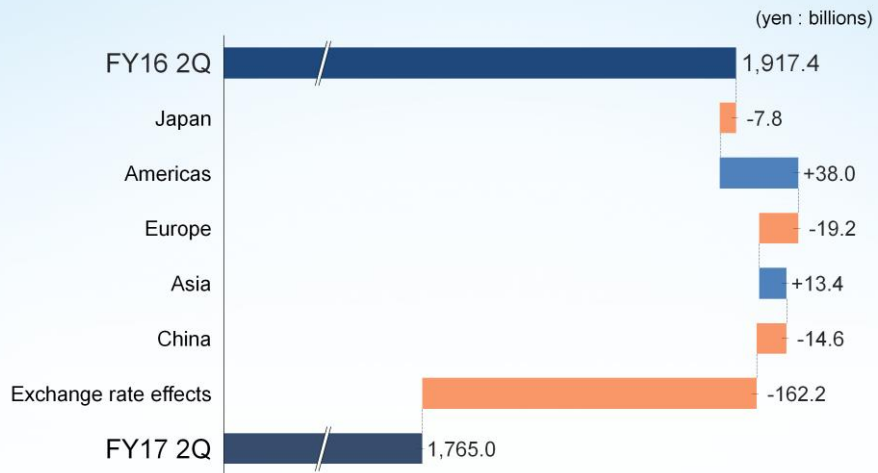
	FY17 2Q (IFRS)*		FY17 2Q (US GAAP)
Sales	1,765.0	Difference of consolidation scope, etc.	1,747.0
Adjusted operating profit	87.2		—
Other income/loss	19.1	Capitalization of R&D expenses, etc.	—
Operating profit	106.3		77.7
Non-operating income/loss	0.2	Non-operating income/loss (US GAAP) excluding financial income/loss and exchange gains/losses	16.7
Pre-tax income	106.5		94.4
Provision for income taxes	-4.2		-6.7
Equity in earnings of associated companies	—		2.3
Less net income attributable to non-controlling interests	6.4		5.2
Net income attributable to owners of the parent company	104.3		** 98.2

* Unreviewed

** Net income attributable to Panasonic Corporation

(Reference) **FY17 2Q Sales Analysis by Region**

IFRS



(Reference) **FY17 1H Financial Results** (Six months ended Sep. 30)

(yen : billions)

		IFRS (unreviewed)				US GAAP			
		FY17 1H	FY16 1H	vs. FY16 1H		FY17 1H	FY16 1H	vs. FY16 1H	
Sales		3,539.8	3,803.0	-7% (+1%)*	-263.2	3,495.5	3,760.4	-7% (+1%)*	-264.9
Adjusted operating profit		164.0	211.5	-22%	-47.5	—	—	—	—
Other income/loss**		14.1	-26.9	—	+41.0	—	—	—	—
Operating profit		178.1	184.6	-4%	-6.5	144.6	200.5	-28%	-55.9
Non-operating income/loss		3.0	-2.3	—	+5.3	8.6	-36.4	—	+45.0
Pre-tax income		181.1	182.3	-1%	-1.2	153.2	164.1	-7%	-10.9
Net income***		133.5	117.6	+13%	+15.9	119.9	111.3	+8%	+8.6
FCF		-228.7	-23.2			-227.0	-23.1		

Exchange rates	1 US dollar	105 yen	122 yen
	1 Euro	118 yen	135 yen
	1 Renminbi	16.0 yen	19.4 yen

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

** IFRS: Adjusted operating profit = sales-cost of sales-SG&A

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

** IFRS: Adjusted operating profit = sales-cost of sales-SG&A

*** Net income attributable to owners of the parent company (IFRS)/
Net income attributable to Panasonic Corporation (US GAAP)

(Reference) **Major Business Areas in Three Business Categories**

**High-growth
business**

Automotive Batteries, Next-generation Cockpit Systems, ADASs (Advanced Driver Assistance Systems), Avionics, Commercial Refrigeration & Food Equipment, Remodeling, Age-Free (Elderly-Care), etc.

**Stable growth
business**

Air-conditioners, White goods, Small Appliances, Surveillance System, FA (Factory Automation), Lighting Equipment, Electric Materials, Dry Batteries, Wiring Devices / Solar Systems, etc.

**Low
profitability
business**

TVs, Semiconductors, LCD (Liquid Crystal Display) panels, Digital Cameras, Fixed-line Phones / FAX, Ruggedized PCs, Building Products, etc.

(Reference) Segments and Business Divisions

Appliances

Air-Conditioner Company
TV BD
Home Entertainment BD
Refrigerator BD
Laundry Systems and Vacuum Cleaner BD
Kitchen Appliances BD
Beauty and Living BD
Panasonic Cycle Technology Co., Ltd.
Refrigeration and Air-Conditioning Devices BD
Smart Energy System BD
Cold Chain BD
Husmann Corporation

AVC Networks

Imaging Network BD
Storage BD
Visual Systems BD
Panasonic Avionics Corporation
IT Products BD
Security Systems BD
Communication Products BD
Office Products BD
System Solutions Company (Japan)

Automotive & Industrial Systems

Automotive Infotainment Systems BD
Automotive Electronics Systems BD
Rechargeable Battery BD
Energy Device BD
Electromechanical Control BD
Panasonic Semiconductor Solutions Co., Ltd.
Device Solutions BD
Electronic Materials BD
Panasonic Liquid Crystal Display Co., Ltd.
Smart Factory Solutions BD

Eco Solutions

Lighting BD
Energy Systems BD
Housing Systems BD
Panasonic Ecology Systems Co., Ltd.

Other

PanaHome Corporation

As of October 31, 2016

(Reference) **List of Businesses whose sales are disclosed**

Appliances	•Air-Conditioner Business	: Air-Conditioner Company
	•Commercial Refrigeration & Food Equipment Business	: Cold Chain BD, Hussmann Corporation
	•Small & Built-in Appliance Business	: Kitchen Appliances BD, Beauty and Living BD
	•Major Appliance Business	: Refrigerator BD, Laundry Systems and Vacuum Cleaner BD
	•AV Business	: TV BD, Home Entertainment BD
Eco Solutions *	•Lighting BD	
	•Energy Systems BD	
	•Housing Systems BD	* Four BDs are the sales disclosure businesses in FY17.
	•Panasonic Ecology Systems Co., Ltd	
AVC Networks	•Mobility Business	: IT Products BD, Storage BD
	•Visual and Imaging Business	: Imaging Network BD, Visual Systems BD, Security Systems BD
	•Communication Business	: Communication Products BD, Office Products BD
	•Solutions Business	: Panasonic Avionics Corporation, Domestic/Overseas Solutions
Automotive & Industrial Systems	•Automotive Business	: Automotive Infotainment Systems BD, Automotive Electronics Systems BD
	•Energy Business	: Rechargeable Battery BD, Energy Device BD
	•Industrial Business	: Electromechanical Control BD, Panasonic Semiconductor Solutions Co., Ltd., Device Solutions BD, Electronic Materials BD, Panasonic Liquid Crystal Display Co., Ltd.
	•Factory Solutions Business	: Smart Factory Solutions BD