

# Fiscal 2012 Second Quarter and Six Months Financial Results

October 31, 2011  
Panasonic Corporation  
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**Notes:** 1. This is an English translation from the original presentation in Japanese.  
2. In this presentation, "fiscal 2012" or "FY12" refers to the year ending March 31, 2012. In addition, "fiscal 2012 six months" or "FY12 6M" refers to the period from April to September 2011.

- This presentation contains consolidated financial results for the second quarter and the first six months ended September 30, 2011 of fiscal year 2012.

## Summary of Six Months Results FY12 2

- 1. Both sales and profit declined due mainly to the sluggish economy in Europe and the US as well as further appreciation of the yen**
- 2. As a result of implementing radical restructuring initiatives in unprofitable businesses, both pre-tax income and net income attributable to Panasonic Corporation recorded significant losses**
- 3. Full year financial forecasts for fiscal 2012 have been revised due to an expected acceleration and increase of restructuring activities**

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- This slide shows the three main points regarding the financial results for the first six months of fiscal 2012.
- Firstly, both sales and profit for the first six months decreased from the previous year, due to the sluggish economy in Europe and the US as well as further appreciation of the yen.
- Secondly, as a result of implementing radical restructuring initiatives in unprofitable businesses such as flat-panel TVs, both pre-tax income and net income attributable to Panasonic Corporation recorded significant losses.
- Finally, the Company has revised its full-year forecasts downward for fiscal 2012 from its original forecasts due to an expected acceleration and increase of restructuring activities.

- 1. Summary of second quarter and six months financial results**

2. Segment analysis

3. Revision of full year forecasts for fiscal 2012

- This section outlines the consolidated financial results for the second quarter and the first six months of fiscal 2012.

## FY12 Six Months Results

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(yen: billions)

|                         | FY12 6M<br>(Apr. to Sept.) | FY11 6M<br>(Apr. to Sept.) | vs. FY11<br>/difference | Forecasts<br>(June 20) |
|-------------------------|----------------------------|----------------------------|-------------------------|------------------------|
| Sales                   | 4,005.2                    | 4,367.9                    | -8%<br>(-6%)*<br>-362.7 | 4,000.0                |
| Domestic                | 2,036.4                    | 2,189.5                    | -7%                     | -                      |
| Overseas                | 1,968.8                    | 2,178.4                    | -10%<br>(-4%)*          | -                      |
| Operating profit (%)    | 47.6<br>(1.2%)             | 169.0<br>(3.9%)            | -121.4                  | 10.0                   |
| Pre-tax income/loss (%) | -159.3<br>(-4.0%)          | 144.6<br>(3.3%)            | -303.9                  | -50.0                  |
| Net income/loss** (%)   | -136.2<br>(-3.4%)          | 74.7<br>(1.7%)             | -210.9                  | -70.0                  |

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

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

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- Consolidated sales for the first six months totaled 4,005.2 billion yen, down by 8% compared with the previous year. In real terms, excluding the effects of exchange rates, consolidated group sales decreased by 6%.
- Operating profit totaled 47.6 billion yen. Pre-tax loss totaled 159.3 billion yen while net loss attributable to Panasonic Corporation amounted to 136.2 billion yen.
- Although operating profit exceeded the Company's forecast, both pre-tax income and net income attributable to Panasonic Corporation were significantly lower than its forecasts due to the impact of business restructuring.

## FY12 2nd Quarter Results (July to Sept.) 5

(yen: billions)

|                                    | FY12 2Q<br>(July to Sept.) | FY11 2Q<br>(July to Sept.) | vs. FY11<br>/difference                 |
|------------------------------------|----------------------------|----------------------------|---|
| <b>Sales</b>                       | <b>2,075.7</b>             | <b>2,206.8</b>             | <b>-6%</b> <sup>*</sup><br><b>(-3%)</b> |
| Domestic                           | 1,068.8                    | 1,135.1                    | -6%                                     |
| Overseas                           | 1,006.9                    | 1,071.7                    | -6% <sup>*</sup><br><b>(-1%)</b>        |
| <b>Operating profit<br/>(%)</b>    | <b>42.0<br/>(2.0%)</b>     | <b>85.2<br/>(3.9%)</b>     | <b>-43.2</b>                            |
| <b>Pre-tax income/loss<br/>(%)</b> | <b>-141.9<br/>(-6.8%)</b>  | <b>60.3<br/>(2.7%)</b>     | <b>-202.2</b>                           |
| <b>Net income/loss**<br/>(%)</b>   | <b>-105.8<br/>(-5.1%)</b>  | <b>31.0<br/>(1.4%)</b>     | <b>-136.8</b>                           |

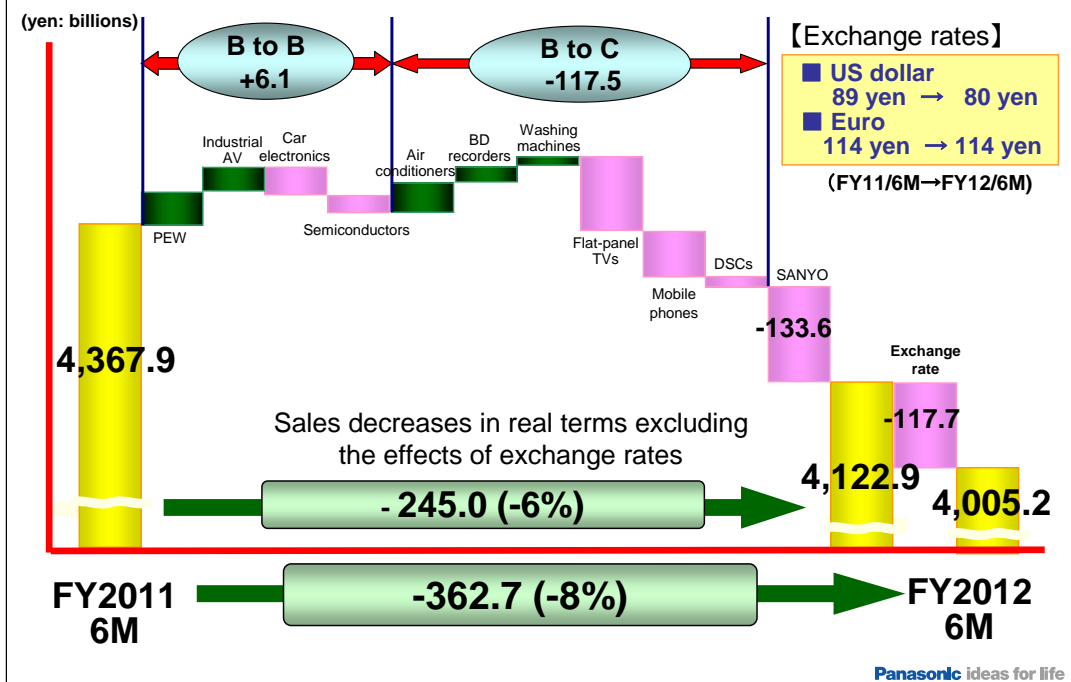
\* Real terms excluding the effects of exchange rates (unreviewed)

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

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- Next, financial results for the second quarter (July to September) in fiscal 2012. Both sales and profits showed almost the same trend as the six months results.

## FY12 6M Sales Analysis by Products (vs. FY11 6M) 6

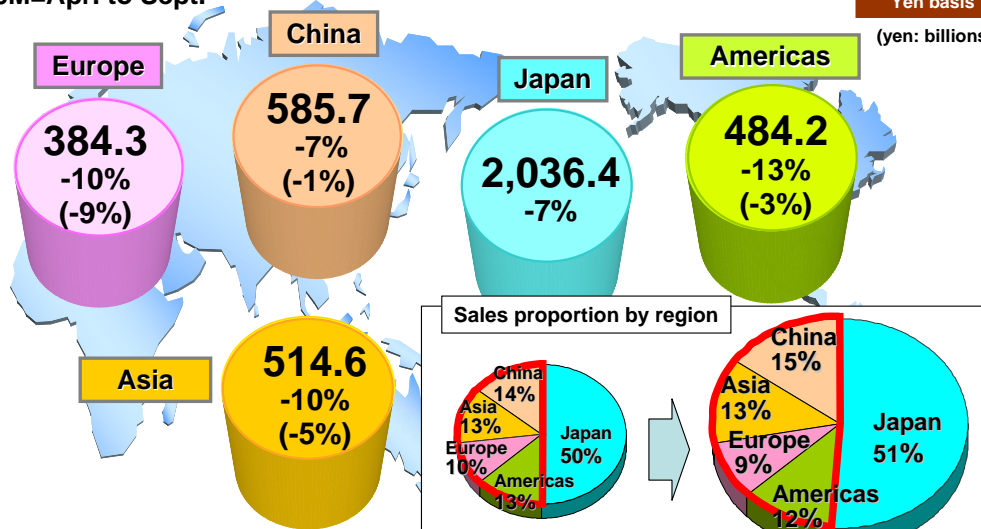


- This slide shows sales trends by major product category.
- Total sales decreased by 362.7 billion yen compared with the previous year. In real terms, sales decreased by 245.0 billion yen, excluding the exchange rate effects of 117.7 billion yen.
- Although sales in B to B such as car electronics are recovering from the Great East Japan Earthquake, sales in B to C such as flat-panel TVs and mobile phones decreased significantly. SANYO sales also decreased by 133.6 billion yen compared with the previous year, owing to some impacts including the transfer of its semiconductor business.

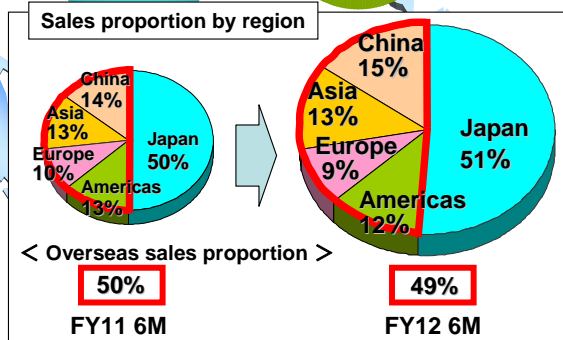
## FY12 6M Global Sales by Region (vs. FY11 6M) 7

6M=Apr. to Sept.

Yen basis  
(yen: billions)



\*Percentages in the parenthesis; real terms excluding the effects of exchange rates (vs. FY11 6M)



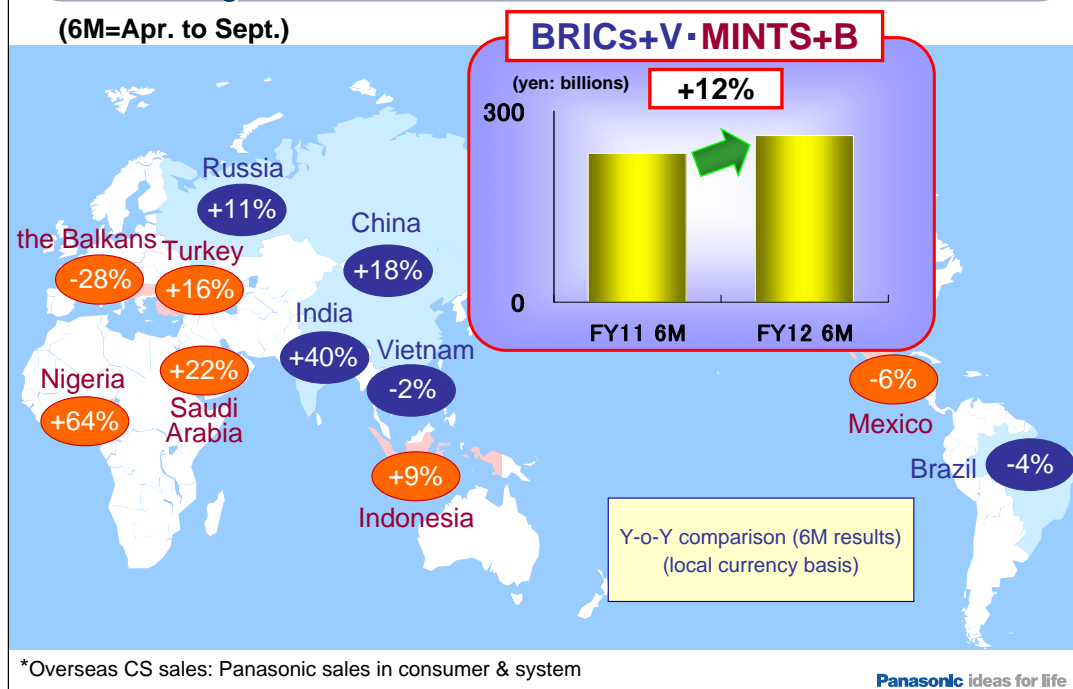
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- By region, sales in white goods remained favorable. For example sales in air-conditioners in China were 1.4 times higher than the previous year. However, sluggish sales in digital AV products contributed to sales decline in all regions.
- With regard to sales proportion by region, total overseas sales decreased slightly from 50% to 49% as a result of weak sales in North America and Europe.

## Overseas CS Sales\*; Strategic Emerging Countries (excluding SANYO)

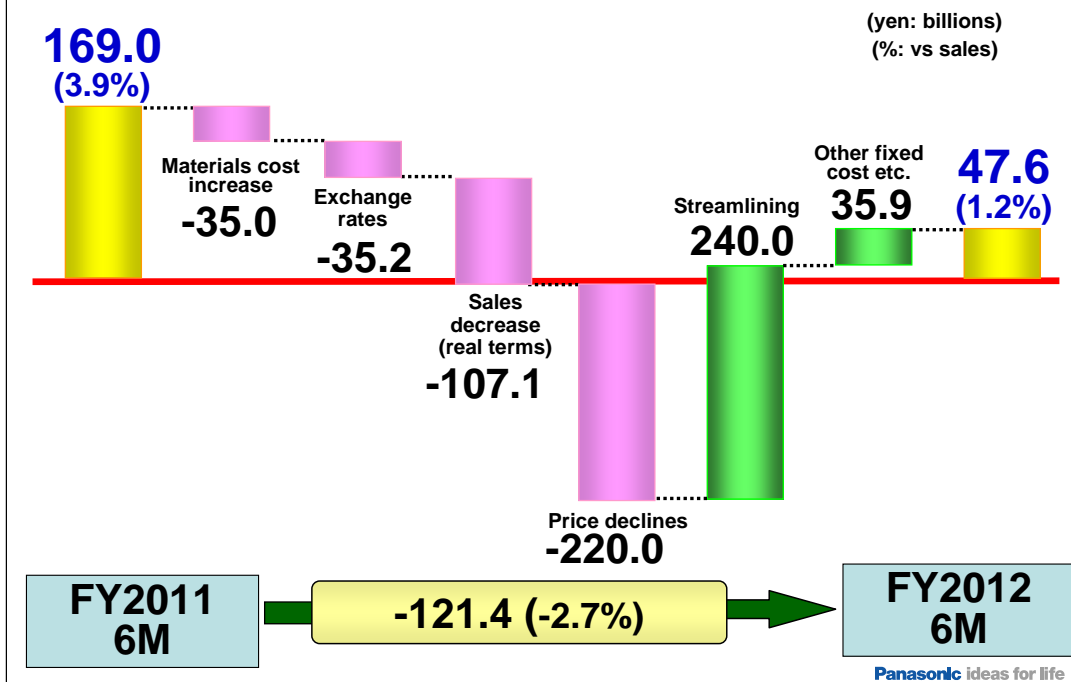
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(6M=Apr. to Sept.)



- Sales results are shown here for the 'BRICs+V (Vietnam)' and 'MINTS+B' (Mexico, Indonesia, Nigeria, Turkey, Saudi Arabia and the Balkans) which are strategic emerging countries in the midterm management plan 'GT12.'
- Total sales of consumer and system (excluding SANYO) in 'BRICs+V' and 'MINTS+B' in the first six months of fiscal 2012 were up by 12% from the previous year.
- Overall sales increased by 20% in the second quarter (July to September). Similar to developed countries, favorable sales in white goods led to the sales increase.

## FY12 6M Operating Profit Analysis (vs. FY11 6M) 9



- This chart shows the operating profit analysis compared to the previous year.
- The negative impact of price declines was offset by pursuing a thorough streamlining. However, operating profit decreased by 121.4 billion yen from last year due mainly to sales decrease and the appreciation of the yen. In addition, price increase in materials such as non-ferrous and rare earth metals also contributed to the decline.

## FY12 6M Pre-tax and Net Income Analysis 10

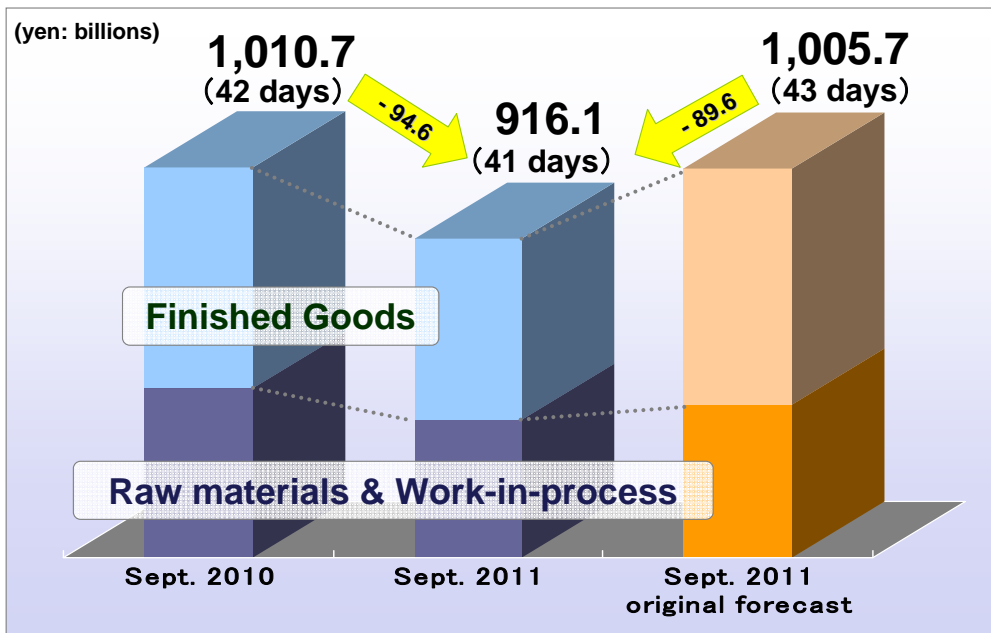
(6M=Apr. to Sept.)

| (yen: billions)   | FY12 6M | vs. FY11 6M |
|---|---------|-------------|
| Operating profit  | 47.6    | - 121.4     |
| Non-operating income / loss                                     | - 206.9 | - 182.5     |
| Financial income / loss   | - 3.6   | + 1.5       |
| Early retirement charges *                                      | - 23.3  | - 21.7      |
| Other *   | - 180.0 | - 162.3     |
| Pre-tax income / loss   | - 159.3 | - 303.9     |
| Provision for income taxes                                      | - 1.3   | + 65.4      |
| Equity in earnings of associated companies                      | 4.8     | + 1.3       |
| Net income / loss   | - 153.2 | - 237.2     |
| Less net income / loss attributable to noncontrolling interests | - 17.0  | + 26.3      |
| Net income / loss attributable to Panasonic Corporation         | - 136.2 | - 210.9     |

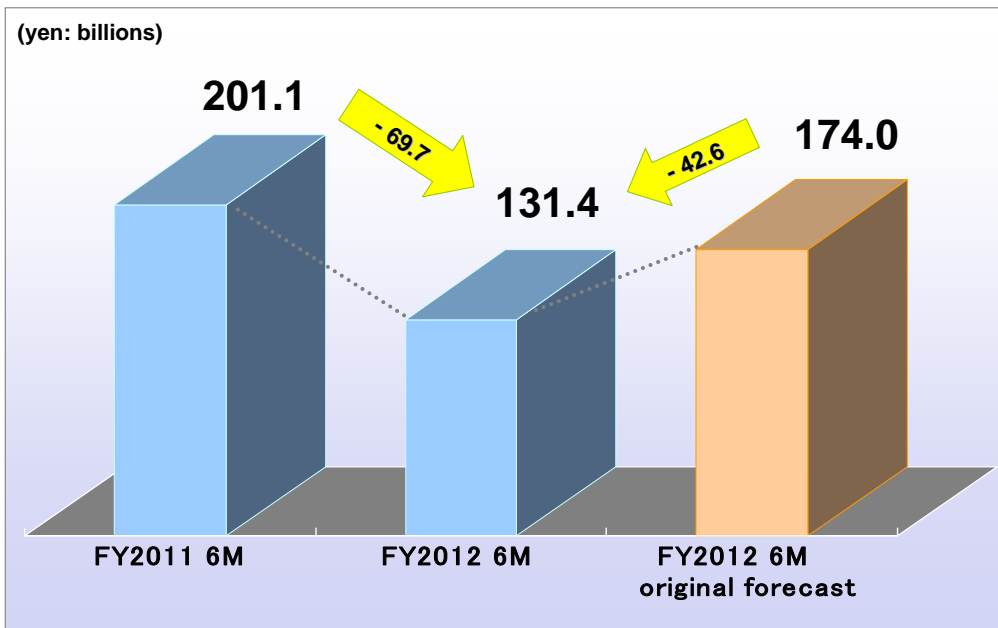
\*Total business restructuring expenses which are included in 'Early retirement charges' and 'Other' : 184.1 billion yen

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- Next, pre-tax and net income analysis.
- Despite the improving financial income/loss, the non-operating loss further deteriorated by 182.5 billion yen compared with the previous year. This was mainly due to business restructuring expenses of 184.1 billion yen which include early retirement charges.



- Next, inventories.
- At the end of September 2011, total inventories were 916.1 billion yen, a decrease of 94.6 billion yen from September 2010. The Company also made a reduction in its turnover by 1 day to 41 days.
- Owing to company-wide initiatives, even compared with the Company's original forecast, its inventory level was successfully reduced by 89.6 billion yen and 2 turnover days.



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- Capital investment totaled 131.4 billion yen, a decrease of 69.7 billion yen from the previous year. This was due mainly to decreases in investment in flat-panel TVs as well as energy-related products in SANYO.
- The Company also reduced its capital investment by 42.6 billion yen compared with the original forecast.

**1. Summary of second quarter  
and six months financial  
results**

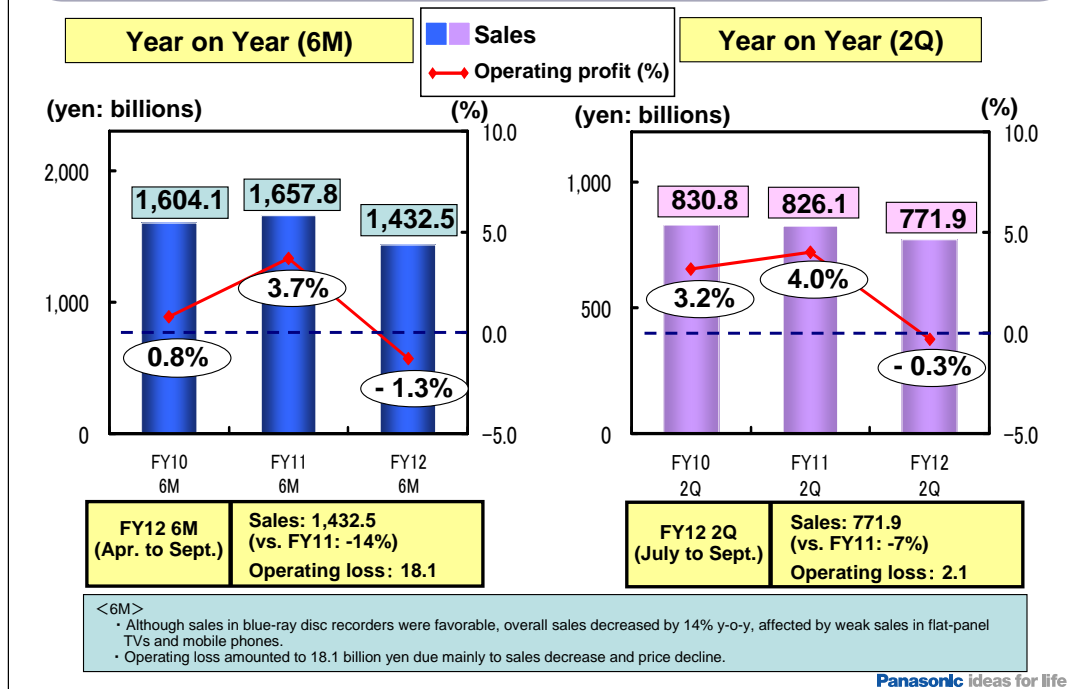
**2. Segment analysis**

**3. Revision of full year forecasts  
for fiscal 2012**

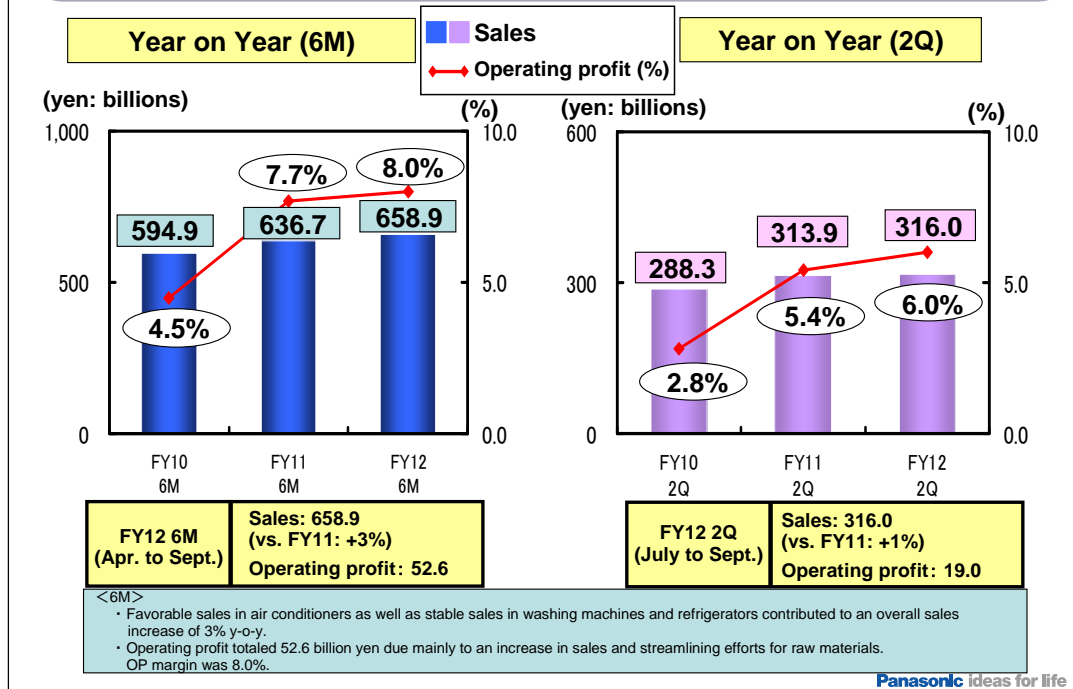
- Next, segment analysis.

# Digital AVC Networks

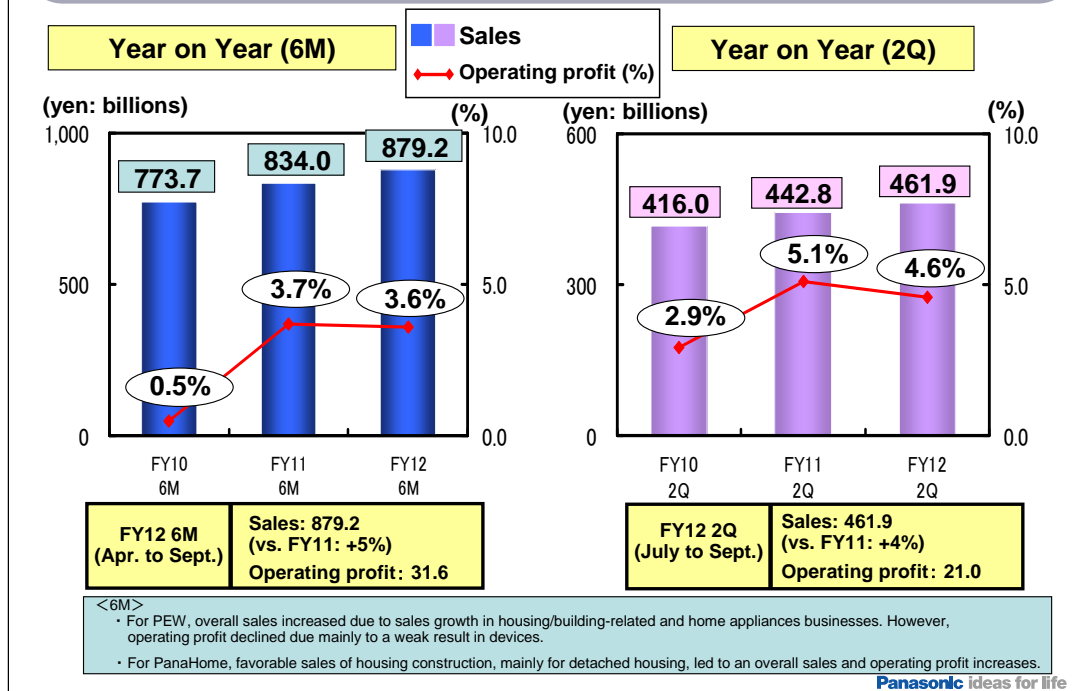
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- First, Digital AVC Networks. All segment analyses shown in the chart on the left are based on the first six months results.
- Although sales in blue-ray disc recorders were favorable, overall sales decreased by 14%, affected by weak sales in flat-panel TVs and mobile phones.
- Operating loss amounted to 18.1 billion yen, a significant deterioration from a year ago due mainly to sales decrease and price decline.



- Favorable sales in air conditioners as well as stable sales in washing machines and refrigerators contributed to an overall sales increase of 3% compared with a year ago.
- Operating profit increased due mainly to an increase in sales and streamlining efforts for raw materials. The operating profit to sales ratio steadily improved to 8.0%.



- For PEW, overall sales increased due to sales growth in housing/building-related and home appliance businesses. However, operating profit declined due mainly to a weak result in devices.
- For PanaHome, favorable sales of housing construction, mainly for detached housing, led to an overall sales and operating profit increases compared with the previous year, thanks to stable Japanese housing market conditions.

## <Reference> Breakdown of PEW

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### Sales and operating profits by segment

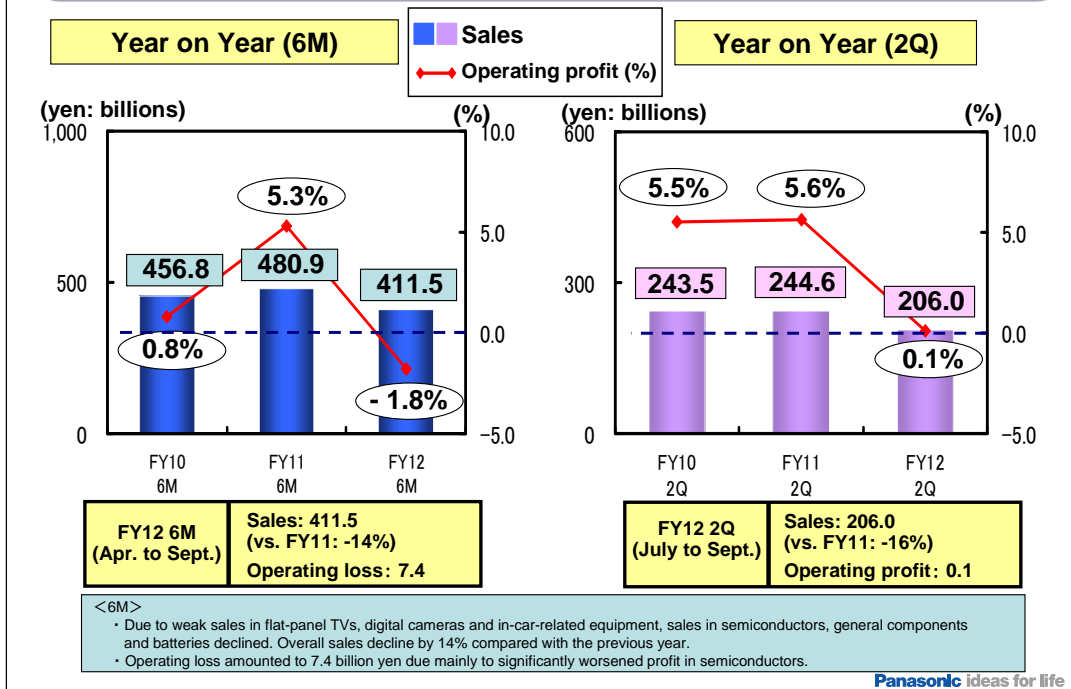
(yen: billions)

|   | Sales        |              |                | Operating profit |             |             |
|---|--------------|--------------|----------------|------------------|-------------|-------------|
|   | FY12<br>6M   | FY11<br>6M   | vs. FY11<br>6M | FY12<br>6M       | FY11<br>6M  | change      |
| Electrical<br>Construction<br>Materials | 302.6        | 288.9        | +5%            | 3.5              | 4.4         | -0.8        |
| Home Appliances                         | 50.9         | 49.1         | +4%            | 2.6              | 2.2         | +0.4        |
| Building Products                       | 252.8        | 239.5        | +6%            | 6.5              | 2.7         | +3.8        |
| Electronic Materials                    | 50.5         | 51.0         | -1%            | 3.0              | 3.9         | -0.8        |
| Automation<br>Controls                  | 103.3        | 105.3        | -2%            | 8.0              | 13.2        | -5.2        |
| Others                                  | 21.0         | 18.3         | +15%           | 3.4              | 3.2         | +0.2        |
| <b>Total</b>                            | <b>781.4</b> | <b>752.3</b> | <b>+4%</b>     | <b>27.3</b>      | <b>29.8</b> | <b>-2.5</b> |
| Corporate and<br>eliminations           | -            | -            | -              | 0.6              | -0.6        | +1.2        |
| <b>Consolidated<br/>(PEW)</b>           | <b>781.4</b> | <b>752.3</b> | <b>+4%</b>     | <b>27.9</b>      | <b>29.2</b> | <b>-1.2</b> |

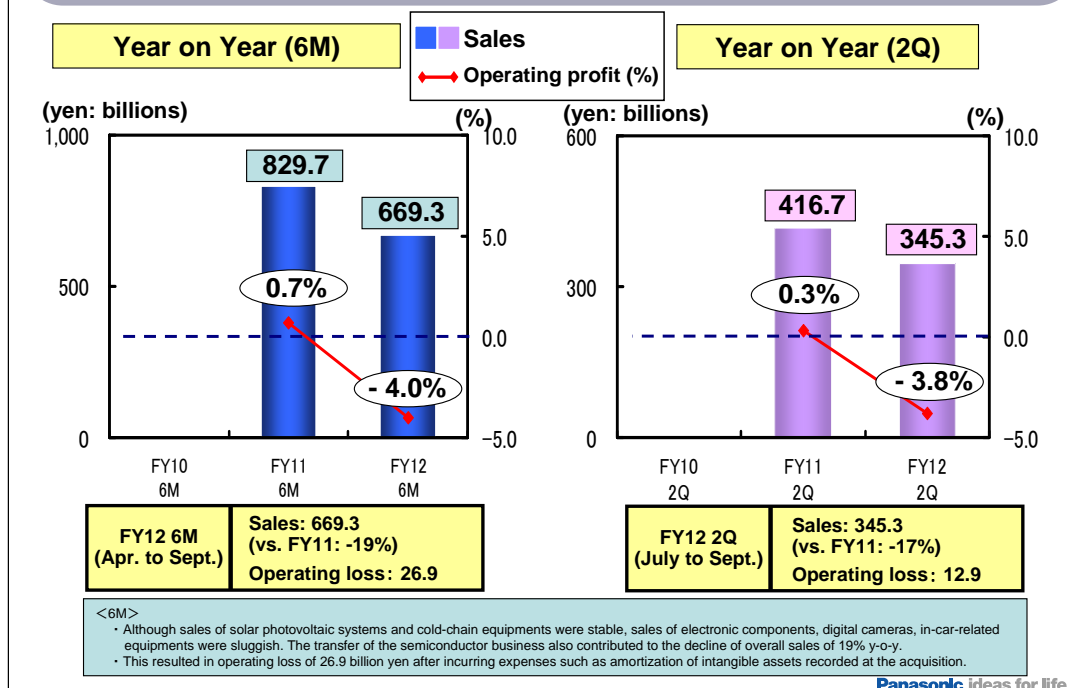
(Notes) 1. This chart shows segment information for PEW (Panasonic Electric Works Co., Ltd.) which was delisted on March 29, 2011.(unreviewed)  
2. The amounts are rounded down to the nearest 100 million.

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- This slide shows the breakdown of PEW's results by segment, which PEW had announced as a listed company.
- Operating profit in automation controls in devices declined compared with the previous year, due mainly to weak sales in automobile-related products as well as an increase in material price such as silver. Overall sales increased while its operating profit decreased.



- Due to weak sales in flat-panel TVs, digital cameras and in-car-related equipment, sales in semiconductors, general components and batteries declined. As a result, overall sales in Components and Devices declined by 14% compared with the previous year.
- Operating loss amounted to 7.4 billion yen due mainly to significantly worsened profit in semiconductors.



- In SANYO, although sales of solar photovoltaic systems and other products were stable, sales of electronic components and digital cameras were sluggish. The transfer of the semiconductor business also contributed to a 19% decline in overall sales compared with a year ago.
- This sales decline resulted in operating loss of 26.9 billion yen after incurring expenses such as amortization of intangible assets recorded at the acquisition.

## <Reference> Breakdown of SANYO 20

### Sales and operating profits by segment

(yen: billions)

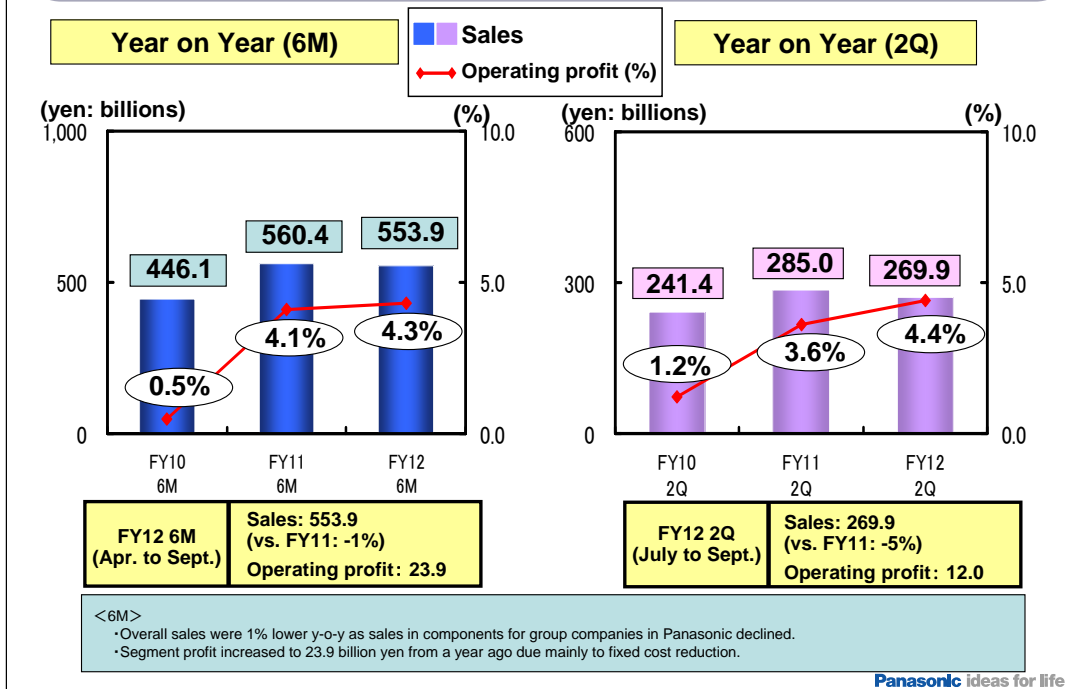
|                             | Sales        |              |                | Operating profit |             |              |
|-----------------------------|--------------|--------------|----------------|------------------|-------------|--------------|
|                             | FY12<br>6M   | FY11<br>6M   | vs. FY11<br>6M | FY12<br>6M       | FY11<br>6M  | change       |
| Energy                      | 210.2        | 218.8        | -4%            | 4.9              | 11.5        | -6.6         |
| Electronic Device           | 87.5         | 116.8        | -25%           | 0.2              | 10.4        | -10.2        |
| Digital System              | 108.3        | 149.5        | -28%           | -0.1             | 1.6         | -1.7         |
| Commercial                  | 179.7        | 204.5        | -12%           | 2.7              | 0.3         | +2.4         |
| Consumer Electronics        | 96.4         | 120.2        | -20%           | 0.3              | 3.4         | -3.1         |
| Other                       | 18.1         | 7.0          | +157%          | 0.5              | 0.3         | +0.2         |
| <b>Total</b>                | <b>700.2</b> | <b>816.8</b> | <b>-14%</b>    | <b>8.5</b>       | <b>27.5</b> | <b>-19.0</b> |
| Corporate and eliminations  | -21.8        | -38.4        | -              | -9.1             | -2.2        | -6.9         |
| <b>Consolidated (SANYO)</b> | <b>678.4</b> | <b>778.4</b> | <b>-13%</b>    | <b>-0.6</b>      | <b>25.3</b> | <b>-25.9</b> |

(Notes) 1. This chart shows segment information for SANYO Electric Co., Ltd. which was delisted on March 29, 2011.(unreviewed)

2. Figures related to discontinued semiconductor business are excluded.

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- This slide shows the breakdown of SANYO's results by segment, which SANYO had announced as a listed company.
- Sales in the major five segments were lower than the previous year due mainly to appreciation of the yen and price decline as a result of ever-intensifying competition. Operating profits in those segments except Commercial were down compared with the previous year.



- In Other segment, overall sales were slightly lower compared with the previous year as sales in components for group companies in Panasonic declined.
- However, operating profit increased due mainly to fixed cost reduction.

(6M=Apr. to Sept.)

|                              | AVC          |                            | PED          |                            | FA Business  |                            |
|------------------------------|--------------|----------------------------|--------------|----------------------------|--------------|----------------------------|
|                              | FY12 6M      | vs. FY11 6M/<br>difference | FY12 6M      | vs. FY11 6M/<br>difference | FY12 6M      | vs. FY11 6M/<br>difference |
| <b>Sales</b>                 | <b>719.1</b> | <b>-15%</b>                | <b>167.2</b> | <b>-14%</b>                | <b>97.7</b>  | <b>+1%</b>                 |
| <b>Operating profit/loss</b> | <b>-49.0</b> | <b>-31.0</b>               | <b>-0.3</b>  | <b>-8.6</b>                | <b>14.5</b>  | <b>-0.9</b>                |
| <b>vs. sales (%)</b>         | <b>-6.8%</b> | <b>-4.7%</b>               | <b>-0.2%</b> | <b>-4.5%</b>               | <b>14.9%</b> | <b>-1.0%</b>               |
| <b>Capex</b>                 | <b>24.7</b>  | <b>-35.4</b>               | <b>13.2</b>  | <b>+0.1</b>                | <b>1.8</b>   | <b>+1.0</b>                |

AVC = AVC Networks Company

PED = Panasonic Electronic Devices Co., Ltd.

FA Business = Factory Automation Business

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- Next, the results of the primary domain companies and business.
- In AVC Networks Company, overall sales decreased by 15% from last year due mainly to weak sales in digital AV products. Operating loss increased from a year ago, influenced by sales decrease and the appreciation of the yen.
- PED sales were down by 14% from last year due mainly to weak sales in customized components on the back of the flagging markets in flat-panel TVs and PCs. Operating profit turned into loss, as a result of weak sales as well as a sharp increase in material price such as neodymium.
- In the FA business, sales were up by 1% from last year despite the rapid slowing down of the market which led to delays or freezes in investment by major ODM manufacturers in Taiwan. The operating profit to sales ratio was 14.9%, maintaining high level of profitability.

1. Summary of second quarter and six months financial results
2. Segment analysis
- 3. Revision of full year forecasts for fiscal 2012**

- Finally, revision of full year forecasts for fiscal 2012.

## FY2012 Full Year Forecasts

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(yen: billions)

|                         | Revised forecast  | Original forecast | Difference | FY2011          | vs. FY2011 |
|-------------------------|-------------------|-------------------|------------|-----------------|------------|
| Sales                   | 8,300.0           | 8,700.0           | -400.0     | 8,692.7         | -392.7     |
| Operating profit (%)    | 130.0<br>(1.6%)   | 270.0<br>(3.1%)   | -140.0     | 305.3<br>(3.5%) | -175.3     |
| Pre-tax income/loss (%) | -430.0<br>(-5.2%) | 100.0<br>(1.1%)   | -530.0     | 178.8<br>(2.1%) | -608.8     |
| Net income/loss* (%)    | -420.0<br>(-5.1%) | 30.0<br>(0.3%)    | -450.0     | 74.0<br>(0.9%)  | -494.0     |

### 【Exchange rates】

| FY2012    | 2H      | Full year | Original forecast |
|-----------|---------|-----------|-------------------|
| US dollar | 76 yen  | 78 yen    | 83 yen            |
| Euro      | 105 yen | 110 yen   | 110 yen           |

\* Net income / loss attributable to Panasonic Corporation

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- The Company expects consolidated group sales for fiscal 2012 to be 8,300.0 billion yen, a decrease of 400.0 billion yen from its original forecast.
- The Company forecasts all profits to be significantly lower than its original forecasts as follows:
 

|   |                    |
|---|--------------------|
| Operating profit                                      | 130.0 billion yen  |
| Pre-tax income/loss                                   | -430.0 billion yen |
| Net income/loss attributable to Panasonic Corporation | -420.0 billion yen |
- The Company forecasts the exchange rates for the second half to be 76 yen/US dollar and 105 yen/Euro, and for the full year 78 yen/US dollar and 110 yen/Euro.

(yen: billions)

| Contents                           |                             | Amounts |
|------------------------------------|-----------------------------|---------|
| Original operating profit forecast |                             | 270.0   |
| Changes                            | Sales decrease              | - 112.7 |
|                                    | Material price increase     | - 14.0  |
|                                    | Streamlining, price decline | - 82.0  |
|                                    | Exchange rate               | - 28.0  |
|                                    | Fixed cost reductions, etc. | + 96.7  |
|                                    | (Total)                     | - 140.0 |
| Revised operating profit forecast  |                             | 130.0   |

- This slide shows the breakdown of changes in operating profit which is expected to decrease from 270.0 billion yen to 130.0 billion yen.
- The Company expects a 96.7 billion yen gain through fixed cost reduction and others. However, operating profit is expected to decrease by 140.0 billion yen, affected by some negative factors such as sales decrease and material price increase.

## FY2012 Pre-tax Income Breakdown (changes from the original forecast)

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(yen: billions)

| Contents                                 | Revised forecast | Original forecast |
|--|------------------|-------------------|
| <b>Operating profit</b>                  | <b>130.0</b>     | <b>270.0</b>      |
| <b>Business restructuring expenses</b>   | <b>- 514.0</b>   | <b>- 110.0</b>    |
| <b>Others</b>                            | <b>- 46.0</b>    | <b>- 60.0</b>     |
| <b>(non-operating income/loss total)</b> | <b>- 560.0</b>   | <b>- 170.0</b>    |
| <b>Pre-tax income/loss</b>               | <b>- 430.0</b>   | <b>100.0</b>      |

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- This slide shows the changes from the original forecast in pre-tax income for fiscal 2012.
- Although the business restructuring expenses were originally expected to be 110.0 billion yen, it is now expected to increase by approximately 400.0 billion yen to 514.0 billion yen in order to carry out radical reforms in unprofitable businesses such as flat-panel TVs and semiconductors.
- As a result, pre-tax loss is predicted to be 430.0 billion yen.

## FY2012 Revised Forecasts by Segment 27

(yen: billions)

|                            | Sales   |         | Operating profit (%) |         |
|----------------------------|---------|---------|----------------------|---------|
|                            |         | changes |                      | changes |
| Digital AVC Networks       | 3,090.0 | -250.0  | 36.0<br>(1.2%)       | -85.0   |
| Home Appliances            | 1,320.0 | 0.0     | 104.0<br>(7.9%)      | 0.0     |
| PEW and PanaHome           | 1,810.0 | 0.0     | 76.0<br>(4.2%)       | 0.0     |
| Components and Devices     | 880.0   | -65.0   | 5.0<br>(0.6%)        | -30.0   |
| SANYO                      | 1,260.0 | -75.0   | -69.0<br>(-5.5%)     | -6.0    |
| Other                      | 1,200.0 | -10.0   | 45.0<br>(3.8%)       | -10.0   |
| Subtotal                   | 9,560.0 | -400.0  | 197.0<br>(2.1%)      | -131.0  |
| Corporate and Eliminations | -1,260  | -       | -67.0                | -9.0    |
| Consolidated Total         | 8,300.0 | -400.0  | 130.0<br>(1.6%)      | -140.0  |

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- Finally, revised full year forecasts by segment are shown here.
- Forecast revisions for Digital AVC Networks, and Components and Devices are mainly affected by flat-panel TVs and semiconductors businesses, respectively.
- On the other hand, forecasts for Home Appliances, and PEW and PanaHome are unchanged as those segments are expected to remain stable.



- The Company aims to complete the restructuring of its unprofitable businesses as soon as possible to achieve growth with profitability.
- Thank you very much for your continued support.

**Disclaimer Regarding Forward-Looking Statements**

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