

Fiscal 2014 Second Quarter and Six Months Financial Results

October 31, 2013
Panasonic Corporation

*Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "fiscal 2014" or "FY2014" refers to the year ending March 31, 2014.
In addition, "fiscal 2014 six months" or "FY14 6M" refer to the period from April to September 2013.*

- This presentation contains consolidated financial results for the second quarter and the first six months ended September 30, 2013 of fiscal year 2014.

1. Summary of second quarter and six months financial results

2. Revision of full year forecasts for fiscal 2014

- First, second quarter financial results.

FY14 2Q (July to Sept.) Summary

- Profits improved significantly by thoroughly enhancing earning power
 - Operating profit increased due to group-wide fixed cost reductions and streamlining efforts.
 - By business, the overall profit improvement was led by Eco Solutions (due to favorable housing-related business) and Automotive & Industrial Systems (due to favorable automotive-related business).
- Financial structure improved steadily
 - Net cash at the end of 2Q improved by 56.5 billion yen compared with that of the end of 1Q FY14.

- This slide shows main points regarding the second quarter of fiscal 2014.
- Firstly, profits improved significantly compared with the previous year by thoroughly enhancing earning power while a difficult business environment continues.
- Operating profit increased from last year due to group-wide fixed cost reductions and streamlining efforts.
- By business, the overall profit improvement was led by Eco Solutions (due to favorable housing-related business) and Automotive & Industrial Systems (due to favorable automotive-related business).
- Secondly, financial structure improved steadily as net cash enhanced by 56.5 billion yen in these three months.

FY14 2Q Results (July to Sept.)

(yen: billions)

		FY14 2Q	FY13 2Q	vs. FY13 2Q/ difference
	Domestic	922.4	956.1	-4%
	Overseas	959.4	867.6	+11% (-11%*)
Sales		1,881.8	1,823.7	+3% (-7%*) + 58.1
Operating profit		82.4 (4.4%)	48.8 (2.7%)	+69% + 33.6
Pre-tax income / loss		84.8 (4.5%)	-316.5 (-17.4%)	- + 401.3
Net income / loss **		61.5 (3.3%)	-698.0 (-38.3%)	- + 759.5

Exchange rates	1 US dollar	99 yen	79 yen
	1 Euro	131 yen	98 yen
	1 Renminbi	16.17 yen	12.39 yen

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

** Net income / loss attributable to Panasonic Corporation

- This slide shows financial results for the second quarter (July to September) in fiscal 2014.
- Consolidated group sales were up by 3% compared with the previous year. However, in real terms, excluding the effects of exchange rates, consolidated group sales decreased by 7%.
- On the other hand, operating profit totaled 82.4 billion yen, an improvement of 33.6 billion yen from last year. Both pre-tax income (84.8 billion yen) and net income attributable to Panasonic Corporation (61.5 billion yen) increased significantly from last year.

FY14 Six Months Results

(yen: billions)

		FY14 6M	FY13 6M	vs. FY13 6M/ difference
	Domestic	1,787.3	1,878.2	-5%
	Overseas	1,919.0	1,760.0	+9% (-12%)*
Sales		3,706.3	3,638.2	+2% (-8%)* + 68.1
Operating profit		146.6 (4.0%)	87.4 (2.4%)	+68% + 59.2
Pre-tax income / loss		207.4 (5.6%)	-278.7 (-7.7%)	- + 486.1
Net income / loss **		169.3 (4.6%)	-685.2 (-18.8%)	- + 854.5

Exchange rates	1 US dollar	99 yen	80 yen
	1 Euro	130 yen	101 yen
	1 Renminbi	16.11 yen	12.55 yen

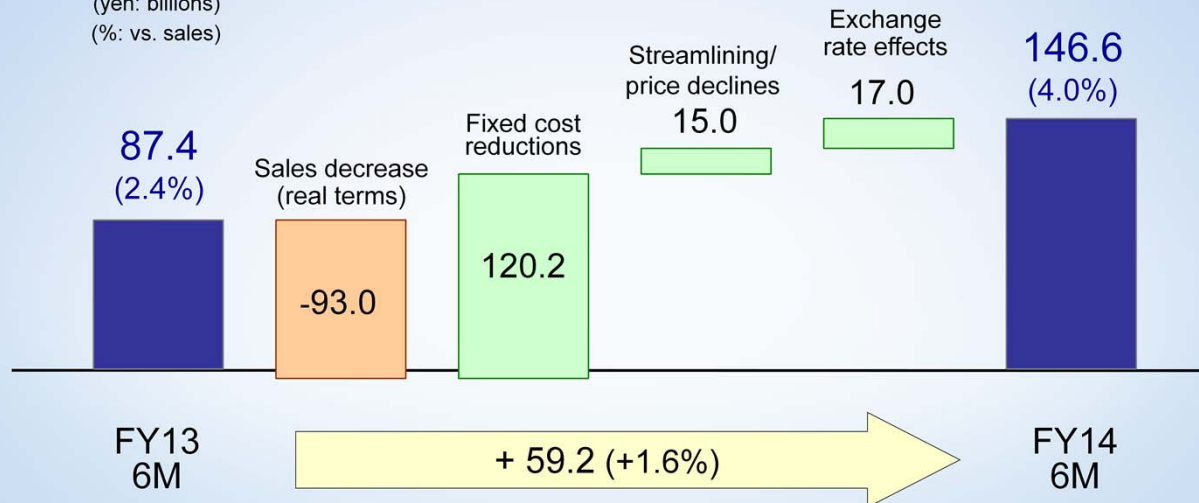
* Real terms excluding the effects of exchange rates (unreviewed)

** Net income / loss attributable to Panasonic Corporation

- Next, financial results for the first six months in fiscal 2014.
- Consolidated sales and profits showed similar trends to the three months results.

FY14 6M Operating Profit Analysis (vs. FY13 6M)

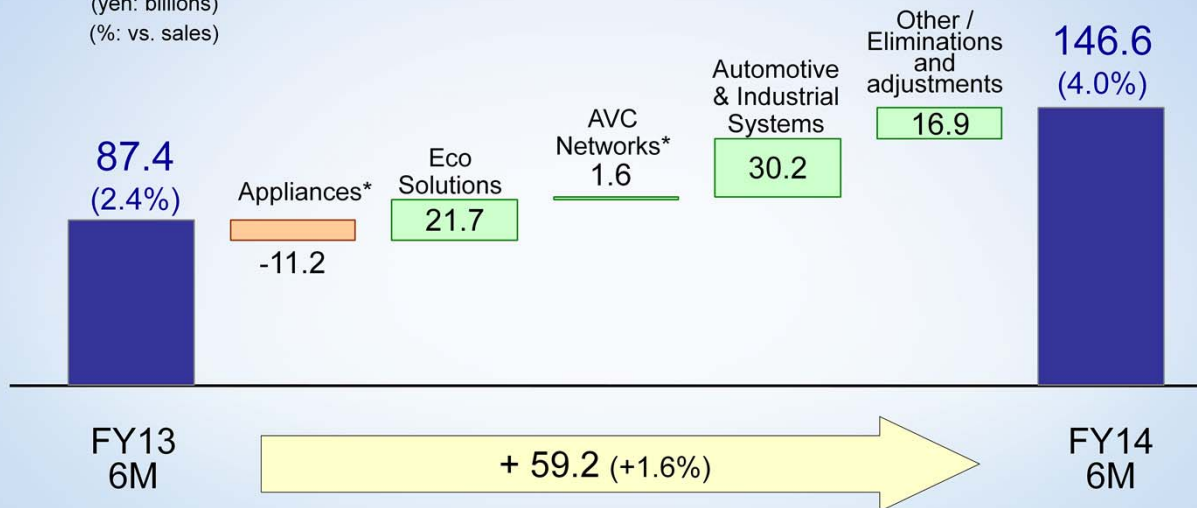
(yen: billions)
(%: vs. sales)



- This chart shows the operating profit analysis compared with the previous year.
- While sales decrease in real terms negatively impacted on operating profit by 93.0 billion yen, fixed cost reductions positively impacted on it by 120.2 billion yen.
- Fixed cost reductions include benefit from group-wide measures and benefit from restructuring carried out in fiscal 2013.
- A 15.0 billion yen improvement from streamlining in material costs which exceeded declining product prices, and a 17.0 billion yen benefit from yen depreciation contributed to the overall operating profit of 59.2 billion yen.

FY14 6M Operating Profit Analysis by Segment (vs. FY13 6M)

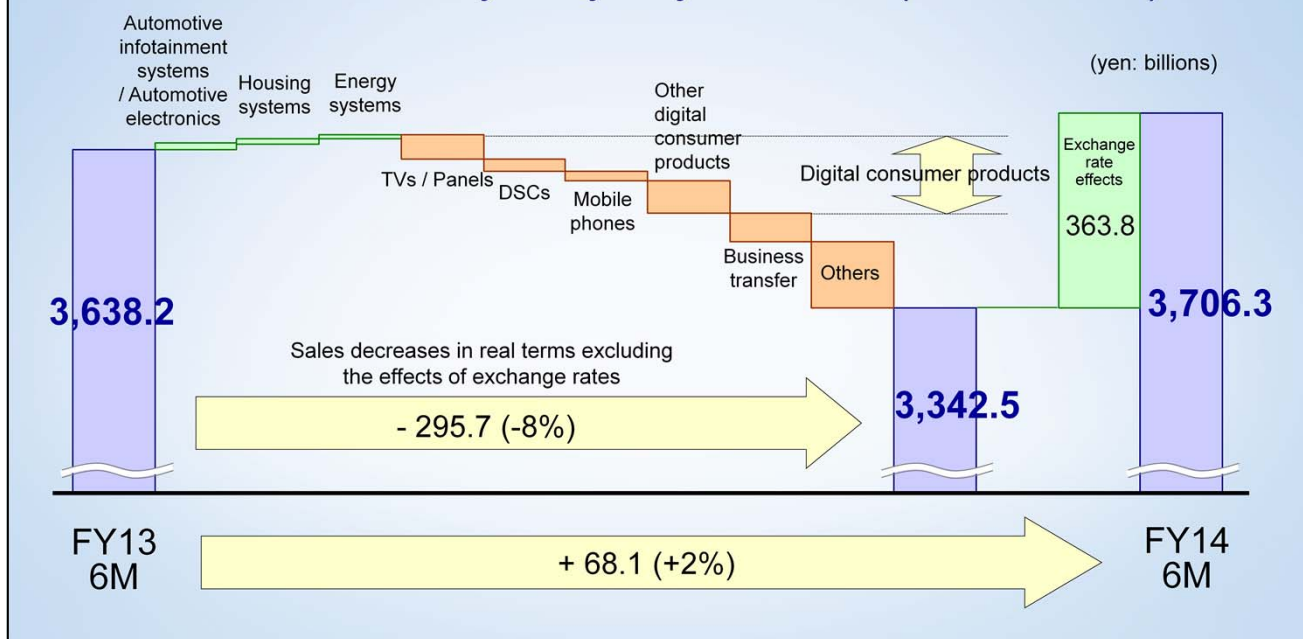
(yen: billions)
(%: vs. sales)



* Appliances and AVC Networks are on a production and sales consolidated basis.

- Next, operating profit analysis by segment.
- Although operating profit in Appliances decreased, operating profits extensively increased in Eco Solutions (due to favorable housing-related business) and in Automotive & Industrial Systems (due to favorable automotive-related business).
- Results by segment follow later.

FY14 6M Sales Analysis by Major Product (vs. FY13 6M)



- This slide shows sales analysis by major product in the first six months.
- Sales, in real terms excluding the effects of exchange rates, increased steadily in automotive- and housing-related products such as automotive infotainment systems, housing systems and energy systems. However, weaker sales in digital consumer-related products such as TVs, DSCs and mobile phones, and a business transfer negatively impacted on overall sales, which declined by 295.7 billion yen from last year in real terms.

FY14 6M Pre-tax and Net Income Analysis

(yen: billions)

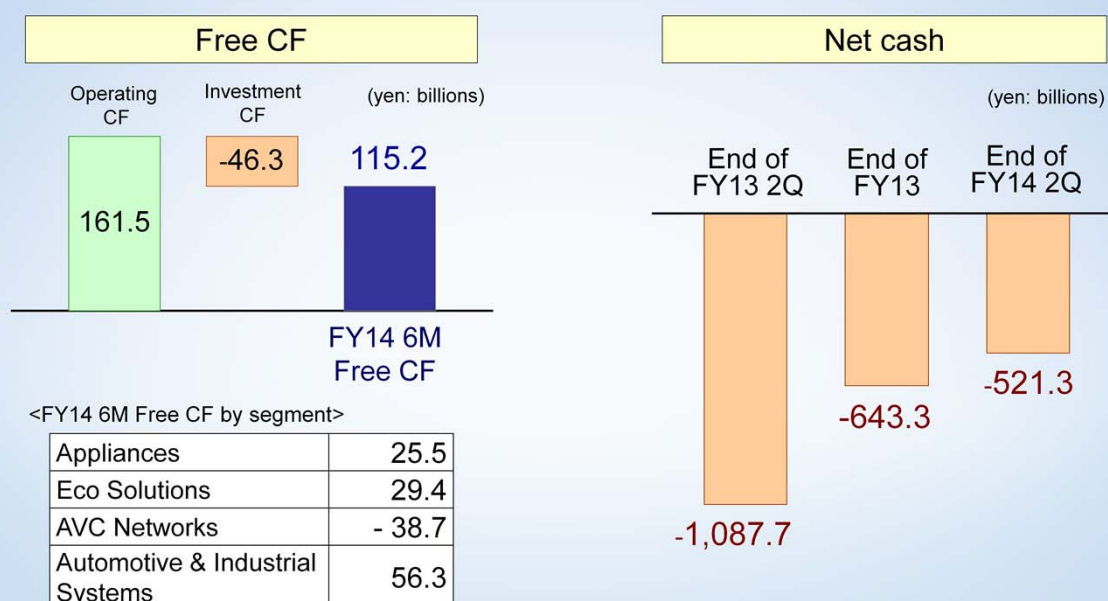
	FY14 6M	vs. FY13 6M
Operating profit	146.6	+ 59.2
Non-operating income *	60.8	+ 426.9
Pre-tax income	207.4	+ 486.1
Provision for income taxes	37.3	- 374.1
Equity in earnings of associated companies	3.1	+ 0.5
Net income	173.2	+ 860.7
Less net income attributable to noncontrolling interests	3.9	+ 6.2
Net income attributable to Panasonic Corporation	169.3	+ 854.5

* Details of non-operating income

Business restructuring expenses	- 10.1	+ 345.4
Early retirement charges	- 1.8	+ 12.7

- Next, pre-tax and net income analysis.
- Restructuring expenses of 10.1 billion yen in non-operating income was recorded. Pre-tax income was 207.4 billion yen and net income attributable to Panasonic Corporation was 169.3 billion yen as a result of a one-off gain of 79.8 billion yen which was recorded in the first quarter following changes in the pension scheme.
- Pre-tax income improved significantly due to the large restructuring expenses recorded in the same period last year. Net income attributable to Panasonic Corporation also showed a considerable improvement due to an increase in valuation allowances to deferred tax assets in the same period last year.

Free CF and Net Cash



- Next, free cash flow and net cash.
- Free cash flow on the left hand side of the graph was 115.2 billion yen in the first six months and it is going as planned against the Company's target. Free cash flow by segment is also shown in the slide.
- Net cash on the right hand side of the graph was minus 521.3 billion yen at the end of the second quarter, showing a significant improvement in only one year.
- Demand for cash is normally stronger in the first half. However, net cash improved by 122.0 billion yen even in this first half, showing steady improvement of the financial structure.

FY14 6M Results by Segment

(yen: billions)

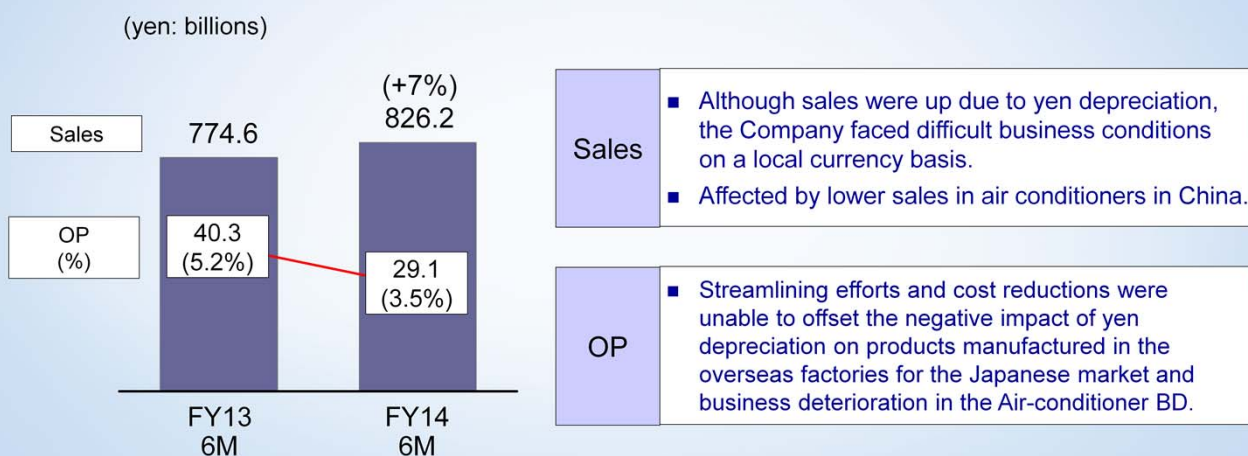
	FY14 6M			
	Sales	vs. FY13 6M	Operating profit	vs. FY13 6M
Appliances	610.4	+ 5%	17.2	-11.5
Eco Solutions	855.7	+ 7%	41.4	+21.7
AVC Networks	755.4	- 9%	- 16.5	- 3.3
Automotive & Industrial Systems	1,355.9	+ 6%	58.2	+30.2
Other	393.4	- 10%	5.4	+11.8
Subtotal	3,970.8	+ 1%	105.7	+48.9
Eliminations and adjustments	- 264.5	-	40.9	+10.3
Consolidated total	3,706.3	+ 2%	146.6	+59.2
Appliances (production and sales consolidated) *	826.2	+ 7%	29.1	- 11.2
AVC Networks (production and sales consolidated) *	844.3	- 4%	- 21.7	+ 1.6

* 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 "Eliminations and adjustments."

- Six months results by segment are shown here.
- Sales and operating profits in both Eco Solutions and Automotive & Industrial Systems increased, leading the overall profitability.

FY14 6M Results by Segment

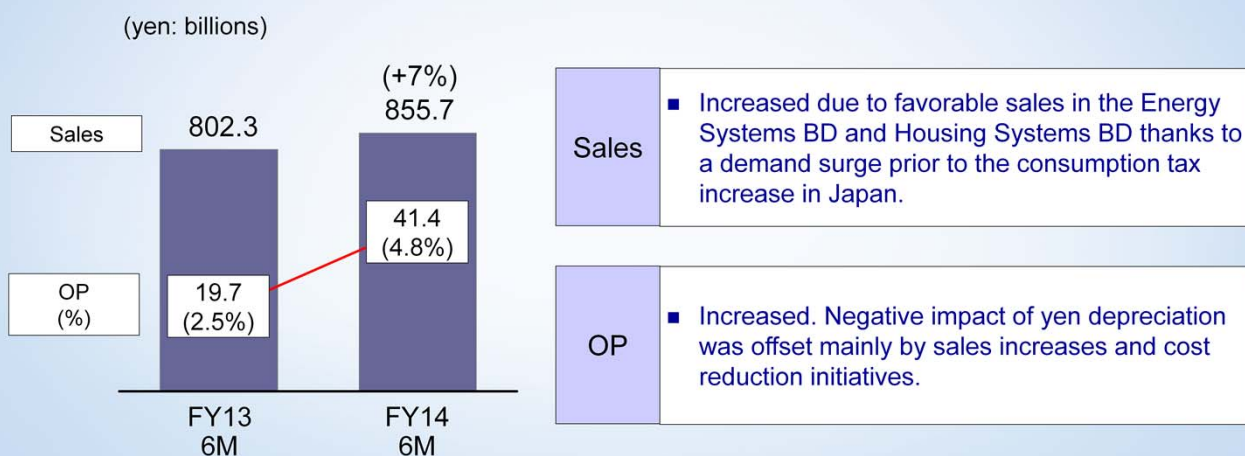
Appliances (production and sales consolidated)



- First, Appliances based on a production and sales consolidated.
- Although sales increased by 7% from last year due to yen depreciation, the Company faced difficult business conditions in real terms (excluding the effects of exchange rates). This includes a sales decrease in household use air conditioners in China, which were affected by an adjustment in distributors' inventory.
- Operating profit totaled 29.1 billion yen, down by 11.2 billion yen from last year. Streamlining efforts and cost reductions were unable to offset the negative impact of yen depreciation on products manufactured in the overseas factories for the Japanese market and business deterioration in the Air-conditioner BD due to lower sales.

FY14 6M Results by Segment

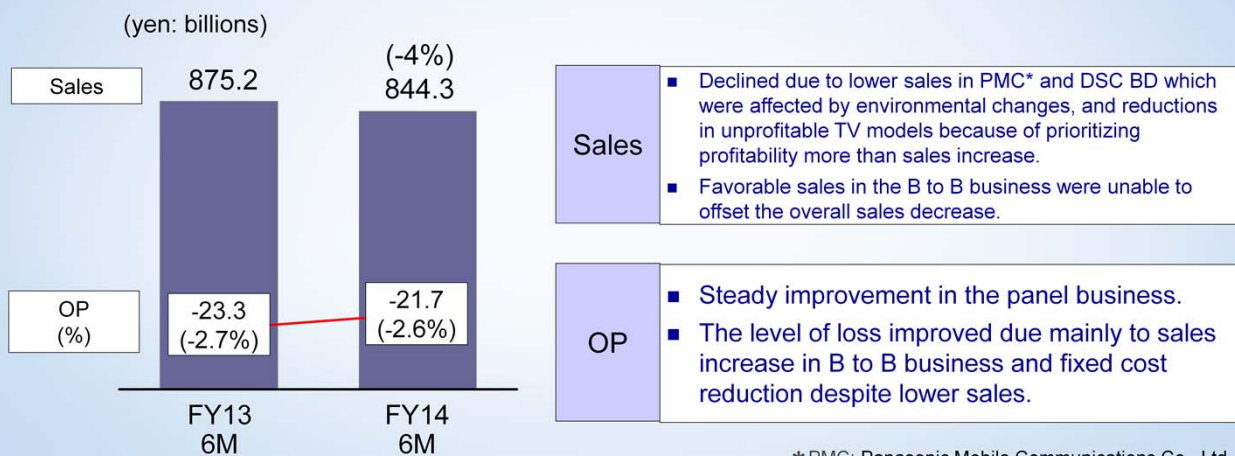
Eco Solutions



- Next, Eco Solutions.
- Sales increased by 7% from last year. Sales were favourable in the Energy Systems BD and Housing Systems BD thanks mainly to a demand surge prior to the consumption tax increase in Japan. Sales in all other BDs also increased.
- Operating profit increased significantly to 41.4 billion yen. Negative impact of yen depreciation was offset mainly by sales increases and cost reduction initiatives.
- As a result, operating profit margin was 4.8%, showing a steady improvement. The Company aims to keep up this trend by capturing the demand prior to the consumption tax increase in Japan.

FY14 6M Results by Segment

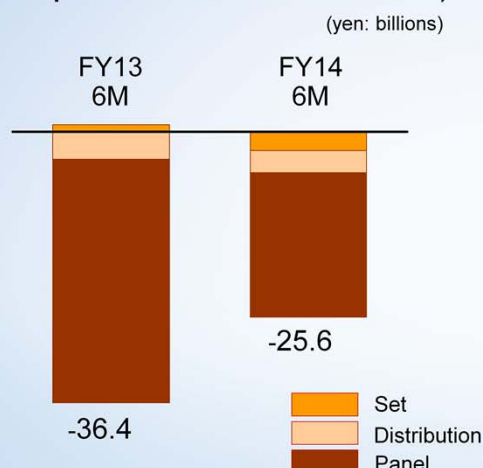
AVC Networks (production and sales consolidated)



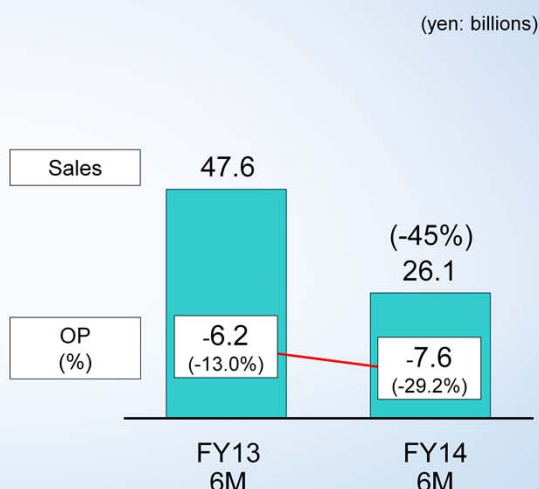
- Next, AVC Networks based on a production and sales consolidated.
- Overall sales decreased by 4% from last year due to significant sales declines in digital consumer-related businesses such as TV BD, DSC BD and Panasonic Mobile Communications Co., Ltd. (PMC) which is responsible for mobile phones. Reductions in unprofitable models in those areas also contributed to overall sales decline. Strong sales in the B to B business, which exceeded the previous year sales and original targets, were unable to offset these negative impacts.
- Despite continuous operating loss due mainly to sales declines, profitability in the panel business showed a steady improvement. As a result, the level of loss improved by 1.6 billion yen from last year. Sales increases in the B to B business also contributed to improve profitability.

FY14 6M Major Unprofitable Businesses

<TV/Panel Business > (OP of production and sales consolidated)



<Panasonic Mobile Communications Co.>



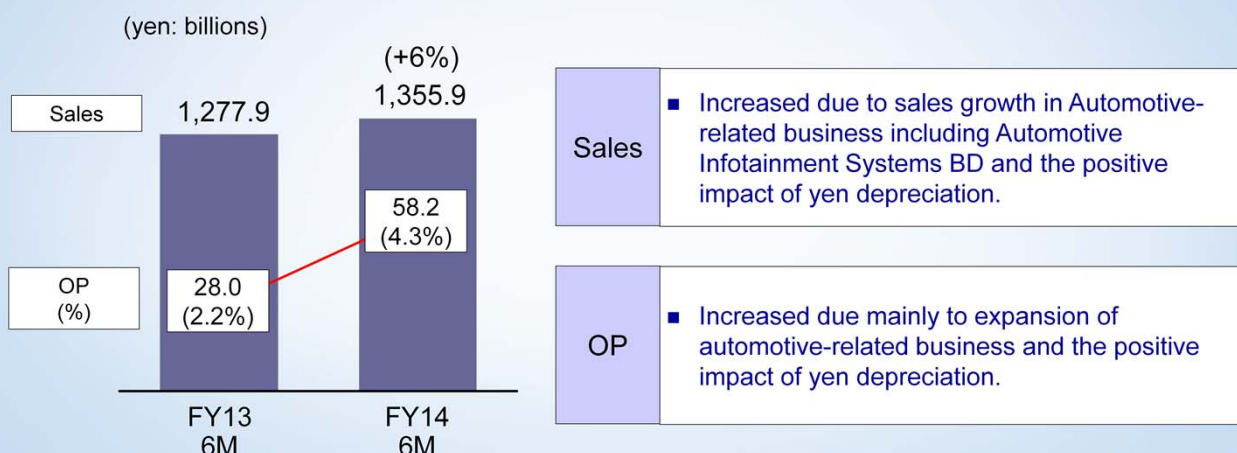
- This slide shows results of TV/Panel Business and Panasonic Mobile Communications Co., Ltd. (PMC)
- Operating loss in TV/Panel business was 25.6 billion yen. This was an improvement of 10.8 billion yen from last year due mainly to business expansion for non-TV applications and fixed cost reductions in the panel business. However, profitability in the TV BD, which is responsible for set business, worsened as a result of sales decline affected by sluggish demand and the negative impacts of yen depreciation.

Sales in PMC decreased by 45% from last year and its operating loss was worsened by 1.4 billion yen to 7.6 billion yen.

- The suspension of the development for new products in the BtoC smartphone market from the second half of this fiscal year has already been announced.

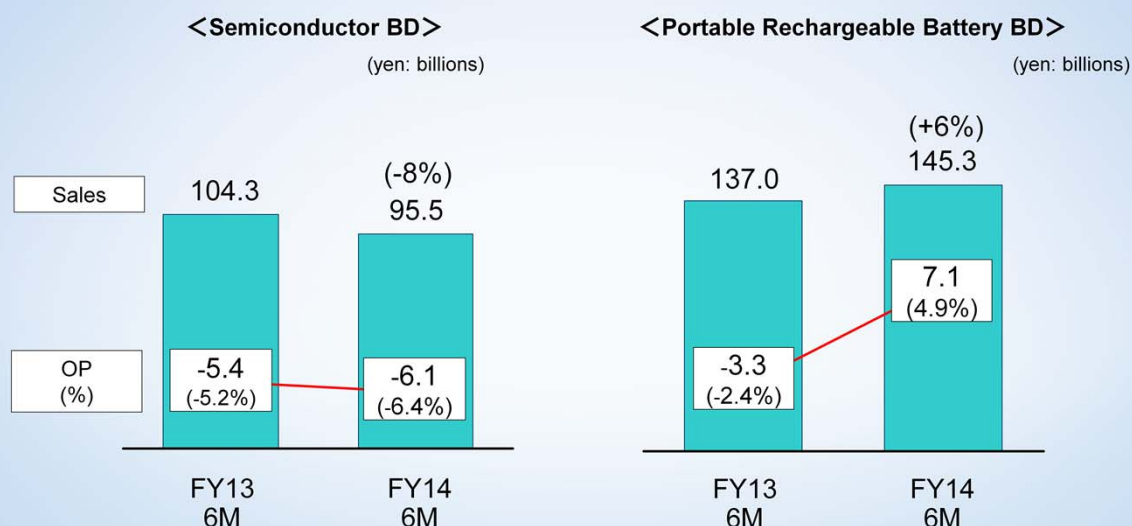
FY14 6M Results by Segment

Automotive & Industrial Systems



- Finally, Automotive & Industrial Systems.
- Sales increased by 6% from last year due to sales growth in Automotive-related business including Automotive Infotainment Systems BD with car makers' stable production overseas, and the positive impact of yen depreciation.
- Operating profit totaled 58.2 billion yen, showing a significant increase. This was due to favorable sales in automotive-related business and the positive impact of yen depreciation.
- Operating profit margin improved considerably to 4.3%. The Company continues implement business structure changes in order to establish a revenue foundation with the automotive and industry as core businesses.

FY14 6M Major Unprofitable Businesses



- This slide shows results of Semiconductor BD (excluding system LSI) and Portable Rechargeable Battery BD (including lithium-ion batteries for consumer-use and others).
- Sales in Semiconductor BD decreased by 8% from last year due mainly to sales declines in the digital AV business and the cut backs in unprofitable products. Operating loss worsened by 0.7 billion yen and this was also below the Company's original target as fixed cost reductions were unable to offset the impact of a sales decline.
- The Company aims to accelerate implementation of measures for profit improvement, as a severe business condition in the digital AV field is expected to continue in the second half of this fiscal year.
- Sales in Portable Rechargeable Battery BD increased by 6% from last year. Although sales were weaker in lithium-ion battery for note PCs, yen depreciation and sales increase in lithium-ion battery for automotive-use contributed to overall sales growth. Operating profit was 7.1 billion yen with a significant improvement of 10.4 billion yen, returning to the black due to improvement in the marginal profit and the positive impact of yen depreciation.

Contents

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

**2. Revision of full year forecasts
for fiscal 2014**

- Lastly, revision of full year forecasts for fiscal 2014.

FY14 Revised Full Year Forecasts

Upward revisions in sales and profits

(yen: billions)

	Revised Forecast	Original Forecast	difference
Sales	7,400.0	7,200.0	+ 200.0
Operating profit	270.0 (3.6%)	250.0 (3.5%)	+ 20.0
Pre-tax income	210.0 (2.8%)	140.0 (1.9%)	+ 70.0
Net income attributable to Panasonic Corporation	100.0 (1.4%)	50.0 (0.7%)	+ 50.0
Net cash	- 400.0 or less	- 500.0 or less	

- Sales and profits have both been revised upwards for full year forecast for fiscal 2014 as shown on this slide.
- Operating profit is expected to be 270.0 billion yen, an increase of 20.0 billion yen. This is due to favourable sales in housing- and automotive-related businesses and yen depreciation despite the continuing severe business conditions in the consumer-related business.
- Pre-tax income is expected to be 210.0 billion yen. While approximately 75.0 billion yen will be generated in non-operating profits due to the transfer of shares in Panasonic Healthcare Co., Ltd., planned business restructuring with some additional expenses will be brought forward. These factors along with operating profit increase, pre-tax income has been revised upwards by 70.0 billion yen.
- As a result, net income attributable to Panasonic Corporation is expected to be 100.0 billion yen, an increase of 50.0 billion yen.
- With regard to net cash, it is expected to exceed from the original forecast by more than 100.0 billion yen.



- Thank you 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.

(Reference) List of Business Divisions

Appliances

Air-conditioner BD
Refrigerator BD
Cold chain BD
Refrigeration device BD
Laundry and vacuum cleaner BD
Kitchen appliance BD
Beauty and living BD
Motor BD
Smart energy system BD

Eco Solutions

Lighting BD
Energy systems BD
Housing systems BD
Panasonic Ecology Systems Co.

Other

PanaHome Corporation
Panasonic Healthcare Co.
System LSI BD

AVC Networks

TV BD
AV Network BD
DSC BD
Imaging BD
Media BD
Visual systems BD
Avionics BD
IT products BD
Panasonic Plasma Display Co.
Panasonic Liquid Crystal Display Co.
Security systems BD
Communication products BD
Office products BD
Infrastructure system BD
Panasonic Mobile Communications Co.

BD : Business Division

Automotive & Industrial Systems

Automotive infotainment systems BD
Automotive electronics BD
Energy device BD
Panasonic Storage Battery Co.
Portable rechargeable battery BD
Automotive battery BD
Capacitor BD
Circuit board BD
Printed circuit component BD
Electromechanical components BD
Electronic materials BD
Automation controls BD
Semiconductor BD
Panasonic Precision Device Co.
Optical pickup BD
Panasonic Factory Solutions Co.
Panasonic Welding Systems Co.
Panasonic Cycle Technology Co.

As of September 30, 2013