

Consolidated Financial Results**1. Six Months ended September 30, 2016****A. Operating Results**

	Yen (billions)		
	Fiscal 2017 Six months ended Sep. 30, 2016	Fiscal 2016 Six months ended Sep. 30, 2015	Percentage 2017/2016
Net sales	3,495.5	3,760.4	93%
Operating profit ¹	144.6	200.5	72%
Income before income taxes	153.2	164.1	93%
Net income attributable to Panasonic Corporation	119.9	111.3	108%

During the six months ended September 30, 2016 under review, a global economy gradually recovered, as an excessive concern for economic slowdown in China was eased and the U.S. economy moderately recovered driven by its domestic demand. In Japan, while its personal consumption remained weak, employment and income environment continued to recover. Meantime, the outlook for global economy remains uncertain, such as economic downward swing in both emerging countries in Asia and resource-rich countries, impact from U.K leaving European Union, and drastic fluctuations in exchange rates.

Under such business circumstances, Panasonic positions its fiscal 2017 as a “year to lay a solid foundation for growth” toward its management targets in fiscal 2019 and focuses on its growth business. The Company has been executing various initiatives.

As one of the initiatives during the six months ended September 30, 2016, for housing business, in order to expand the remodeling business, Panasonic and PanaHome Corporation unified their brands into Panasonic Reform as of April 1,

¹ For information about operating profit, see Note 1 of the Notes to consolidated financial statements on page 8.

2016. In July, the Company renovated and reopened Panasonic Center Osaka to promote housing related services, such as remodeling, real estates, financing and elderly-care.

For B2B business, the Company announced that it will implement organizational restructuring under the AVC Networks Company and establish a new internal company named the "Connected Solutions Company" on April 1, 2017 with the aim of developing a structure for the customer-oriented business that will play a major role to expand its B2B solutions business.

Consolidated group sales for six months ended September 30, 2016 under review decreased by 7% to 3,495.5 billion yen from the same period of fiscal 2016 (a year ago). Domestic sales decreased year on year due mainly to sales decrease of solar photovoltaic systems for household-use, while sales in home appliances and automotive-related products were stable. Overseas sales also decreased year on year due mainly to a considerable impact from yen appreciation, while the sales of Hussmann Corporation (Hussmann) were newly-consolidated and home appliance sales in Asia were favorable.

Operating profit decreased by 28% to 144.6 billion yen from a year ago due mainly to profit decrease of solar photovoltaic systems for household-use and ICT-related device businesses, a fixed-cost increase such as an upfront investment toward future growth and a negative impact of exchange rate fluctuations, while rationalization and other initiatives continued to be implemented.

Income before income taxes decreased by 7% to 153.2 billion yen comparing with the same period of last year, due mainly to gains from business transfers and decrease of business restructuring expenses.

Net income attributable to Panasonic Corporation increased by 8% to 119.9 billion yen from a year ago due mainly to the additional deferred-tax assets (a decrease in provision for income taxes) as a result of the board resolution to liquidate a consolidated subsidiary.

B. Breakdown by Segment

Appliances

	Yen (billions)		
	Fiscal 2017 Six months ended Sep. 30, 2016	Fiscal 2016 Six months ended Sep. 30, 2015	Percentage 2017/2016
Sales	1,185.1	1,177.8	101%
Segment profit *	71.5	42.9	167%

Sales increased by 1% to 1,185.1 billion yen from a year ago due mainly to newly-consolidated Hussmann as well as ongoing favorable situation in home appliances in Japan and Asia. Segment profit increased to 71.5 billion yen from a year ago due mainly to Hussmann and profit improvement by shifting to 4K TVs and high value-added products such as air-conditioners.

Eco Solutions

	Yen (billions)		
	Fiscal 2017 Six months ended Sep. 30, 2016	Fiscal 2016 Six months ended Sep. 30, 2015	Percentage 2017/2016
Sales	725.9	762.9	95%
Segment profit *	20.9	33.5	63%

Sales decreased by 5% to 725.9 billion yen compared with the previous year due mainly to sales decrease in business of solar photovoltaic systems for household-use due to significant market shrinkage in Japan and price decline. Segment profit decreased to 20.9 billion yen from a year ago due mainly to sales decrease in solar photovoltaic systems for household-use.

AVC Networks

	Yen (billions)		
	Fiscal 2017 Six months ended Sep. 30, 2016	Fiscal 2016 Six months ended Sep. 30, 2015	Percentage 2017/2016
Sales	492.4	576.1	85%
Segment profit *	25.7	34.0	76%

Sales decreased by 15% to 492.4 billion yen from a year ago. This was due mainly to overseas sales decrease in communication business such as fixed-line

phones and a negative impact from exchange rate fluctuation. In addition, the Kumamoto Earthquake in April 2016 in Japan affected on device procurement in Visual and Imaging Business. Segment profit decreased to 25.7 billion yen from a year ago due mainly to impacts from exchange rate fluctuation and the Kumamoto Earthquake, as well as special demand in solutions business a year ago.

Automotive & Industrial Systems

Yen (billions)			
	Fiscal 2017 Six months ended Sep. 30, 2016	Fiscal 2016 Six months ended Sep. 30, 2015	Percentage 2017/2016
Sales	1,250.4	1,386.6	90%
Segment profit *	65.1	71.6	91%

Sales decreased by 10% to 1,250.4 billion yen from a year ago due to a significant impact from exchange rate fluctuation, sales decrease in the Industrial Business with downsizing LCD panel business and ICT-related device business in its stagnant demand, while sales of automotive-related business increased. Segment profit decreased to 65.1 billion yen from a year ago due mainly to impact of exchange rate fluctuation and sales decrease, and a fixed-cost increase by upfront investment for automotive business such as rechargeable batteries.

Other

Yen (billions)			
	Fiscal 2017 Six months ended Sep. 30, 2016	Fiscal 2016 Six months ended Sep. 30, 2015	Percentage 2017/2016
Sales	261.5	272.7	96%
Segment profit *	0.6	5.4	12%

Sales decreased by 4% to 261.5 billion yen from a year ago. Segment profit decreased to 0.6 billion yen from a year ago due mainly to a negative impact from fixed-cost increase in PanaHome Corporation.

*Segment profit consists of, instead of the ordinary Operating Profit, Operating Profit plus other income (deductions) excluding financial income (loss) and exchange gains (losses) from fiscal 2017. The segment profit figures in fiscal 2016 also have been calculated in the same manner as those for fiscal 2017.

C. Consolidated Financial Condition

Net cash provided by operating activities for the six months ended September 30, 2016 amounted to 29.4 billion yen, compared with an inflow of 126.8 billion yen a year ago due mainly to an increase of trade receivables. Net cash used in investing activities amounted to 256.4 billion yen, compared with an outflow of 149.9 billion yen a year ago due mainly to the acquisition of Hussmann. Accordingly, free cash flow (net cash provided by operating activities plus net cash provided by investing activities) decreased by 203.9 billion yen from a year ago to an outflow of 227.0 billion yen. Net cash provided by financing activities amounted to 331.5 billion yen, compared with an outflow of 72.5 billion yen a year ago due mainly to an issuance of unsecured straight bonds of total 400.0 billion yen. Taking into consideration exchange rate movement, cash and cash equivalents totaled 1,022.0 billion yen as of September 30, 2016, increased by 7.7 billion yen compared with the end of the fiscal 2016.

The Company's consolidated total assets as of September 30, 2016 increased by 135.0 billion yen to 5,732.0 billion yen from March 31, 2016. This was due mainly to an increase in other assets including recording goodwill by acquisition of Hussmann and a seasonal increase in inventory, despite an impact from yen appreciation. The Company's consolidated total liabilities as of September 30, 2016 increased by 261.4 billion yen to 4,004.1 billion yen from March 31, 2016 due mainly to an issuance of unsecured straight bonds. Panasonic Corporation shareholders' equity decreased by 112.4 billion yen, compared with March 31, 2016, to 1,592.6 billion yen due mainly to worsening accumulated other comprehensive income (loss) in the situation of yen appreciation, despite recording net income attributable to Panasonic Corporation. Adding Noncontrolling interests to Panasonic Corporation shareholders' equity, total equity was 1,727.9 billion yen.

2. Forecast for Fiscal 2017

Panasonic revised downward its consolidated financial sales forecast for fiscal 2017 taking into account the impact of exchange rate fluctuation as yen became higher than expected. The Company also revised downward its forecast of operating profit, income before income taxes, and net income attributable to owners of the parent company respectively. In addition to the exchange rate fluctuation, Panasonic took into account such as profit decrease in solar photovoltaic systems for household-use and ICT-related device businesses.

The consolidated financial forecasts for fiscal 2017 (IFRS) as of October 31, 2016 are:

Sales: 7,200.0 billion yen

Operating profit: 245.0 billion yen

Income before income taxes: 240.0 billion yen

Net income attributable to owners of the parent company: 120.0 billion yen

Notes: The above figures of consolidated financial forecasts for fiscal 2017 are based on International Financial Reporting Standards (IFRS).

Disclaimer Regarding Forward-Looking Statements

This press release 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 press release 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 press release. 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.