

Notes to consolidated financial statements:

1. In order to be consistent with generally accepted financial reporting practices in Japan, operating profit, a non-GAAP measure, is presented as net sales less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies. Please refer to the accompanying consolidated statements of income and Note 2 for the U.S. GAAP reconciliation.
2. Under U.S. GAAP, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies and the impairment losses on goodwill and fixed assets would be included as part of operating profit in the statements of income.
3. Panasonic acquired all the shares of Hussmann Parent Inc., which had all the shares of Hussmann Corporation in the U.S., as of April 1, 2016. Both Hussmann Parent Inc. and Hussmann Corporation, and their subsidiaries became subsidiaries of Panasonic.
4. The Company decided at the Board of Directors meeting held on October 31, 2016 to liquidate its consolidated subsidiary, Panasonic Plasma Display Co., Ltd. (PPD), file a petition for the commencement of special liquidation, and forgive debts that PPD owes to Panasonic.
5. The Company resolved at the Board of Directors meeting held on December 20, 2016 that Panasonic would acquire PanaHome Corporation (PanaHome), one of the subsidiaries of the Company, as a wholly-owned subsidiary of Panasonic through a share exchange. On the same day, Panasonic and PanaHome executed a share exchange agreement; therefore, Panasonic shall become the wholly-owning parent company and PanaHome shall become the wholly-owned subsidiary. The share exchange is scheduled to be implemented after resolutions of the ordinary general meeting of shareholders of PanaHome scheduled in June 2017.
6. The Company resolved at the Board of Directors meeting held on December 20, 2016 that Panasonic would acquire Panasonic Industrial Devices SUNX Co., Ltd. (SUNX), one of the subsidiaries of the Company, as a wholly-owned subsidiary of Panasonic through a share exchange. On the same day, Panasonic and SUNX executed a share exchange agreement; therefore, Panasonic shall become the wholly-owning parent company and SUNX shall become the wholly-owned subsidiary. The share exchange is scheduled to be implemented after resolutions of the extraordinary general meeting of shareholders of SUNX scheduled in February 2017.
7. Assumption for going concern: None
8. Significant changes in Panasonic Corporation shareholders' equity: None
9. Significant subsequent events: None
10. Number of consolidated subsidiaries as of December 31, 2016: 497
Number of associated companies under the equity method as of December 31, 2016: 96
11. Panasonic will voluntarily adopt International Financial Reporting Standards (IFRS) from its year-end financial results for fiscal 2017. Accordingly, the Company discloses its consolidated financial forecasts for fiscal 2017 based on IFRS.