

**Notes to consolidated financial statements:**

1. The company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).
2. In order to be consistent with generally accepted financial reporting practices in Japan, operating profit 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 statement of income and Note 4 for U.S. GAAP reconciliation.
3. Comprehensive income was reported as a gain of 121,408 million yen (\$987 million) for the first quarter of fiscal 2007, and a gain of 8,217 million yen for the first quarter of fiscal 2006. Comprehensive income includes net income and increases (decreases) in accumulated other comprehensive income (loss).
4. Under U.S. GAAP, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies are included as part of operating profit in the statement of income.
5. Regarding consolidated segment profit, expenses for basic research and administrative expenses at the corporate headquarters level are treated as unallocatable expenses for each business segment, and are included in Corporate and eliminations.
6. The company's business segments are classified according to a business domain-based management system, which focuses on global consolidated management by each business domain, in order to ensure consistency of its internal management structure and disclosure. The company transferred its healthcare business to its consolidated subsidiary, Panasonic Shikoku Electronics Co., Ltd. at April 1, 2007. Accordingly, segment information for AVC Networks and Home Appliances of fiscal 2007 has been reclassified to conform with the presentation for fiscal 2008.

Principal internal divisional companies or units and subsidiaries operating in respective segments are as follows:

**AVC Networks**

Panasonic AVC Networks Company, Panasonic Communications Co., Ltd.,  
Panasonic Mobile Communications Co., Ltd., Panasonic Automotive Systems Company,  
Panasonic System Solutions Company, Panasonic Shikoku Electronics Co., Ltd.

**Home Appliances**

Home Appliances Group, Lighting Company,  
Matsushita Ecology Systems Co., Ltd.

**Components and Devices**

Semiconductor Company, Matsushita Battery Industrial Co., Ltd.,  
Panasonic Electronic Devices Co., Ltd., Motor Company

**MEW and PanaHome**

Matsushita Electric Works, Ltd., PanaHome Corporation

**JVC**

Victor Company of Japan, Ltd.

**Other**

Panasonic Factory Solutions Co., Ltd., Matsushita Welding Systems Co., Ltd.

7. Number of consolidated subsidiaries: 641

8. Number of companies reflected by the equity method: 70

9. United States Dollar amounts are translated from yen for convenience at the rate of U.S. \$1.00 = 123 yen, the approximate rate on the Tokyo Foreign Exchange Market on June 29, 2007.

10. Each American Depositary Share (ADS) represents 1 share of common stock.