

**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, 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 statement of income and Note 3 for the U.S. GAAP reconciliation.
3. 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 statement of income.
4. In other income (deductions), the company incurred expenses associated with the implementation of early retirement programs of certain domestic and overseas companies.
5. Diluted net income (loss) per share attributable to Panasonic Corporation common shareholders has been omitted because the company did not have potentially dilutive common shares that were outstanding for the period.
6. The figures in Eliminations and adjustments include earnings and expenses which are not attributable to any reportable segments, for the purpose of evaluating operating results of each segment, and consolidation adjustments (including amortization of intangible assets and differences of accounting principles).
7. In the first quarter of fiscal 2014, the company's management and labor unions agreed to reduce the employee's bonuses. As a result of the agreements, the company and certain domestic subsidiaries reversed accrued employee's bonus expenses, included in Other current liabilities in the consolidated balance sheet as of March 31, 2013. This revision is change in accounting estimate under U.S. GAAP. Accordingly, the amounts of Operating profit and Income before income taxes are increased by 20.1 billion yen, respectively, for the first quarter of fiscal 2014.
8. In the first quarter of fiscal 2014, the company and certain domestic subsidiaries decided to make a transition from the current defined benefit pension plan to the defined contribution pension plan, effective from future contributions made on or after July 1, 2013. Under the U.S. GAAP, upon this decision, any decrease in projected benefit obligations (PBO) due to a plan amendment in the past is required to be immediately recognized in the profit and loss. Accordingly, the company posted a gain of 79.8 billion yen in Other income (deductions), net in the consolidated statement of income for the first quarter of the fiscal 2014. This gain in other income represents a decrease in PBO due to a plan amendment in the past, and it does not have any impact on payments to employees.
9. With the aim of realizing a flexible capital policy, the company resolved a reduction of the capital reserve and the legal reserve at the 106<sup>th</sup> Ordinary General Meeting of Shareholders held on June 26, 2013. Effective on August 31, 2013, the full amount of the capital reserve and the full amount of the legal reserve will be reduced and the reduced amounts will be allocated to other capital

surplus and other retained earnings, respectively, in the parent-alone balance sheet of Panasonic, pursuant to Article 448, Paragraph 1 of the Companies Act. These transactions are transfers within Net Assets section and Panasonic Corporation shareholders' equity remains unchanged. Therefore, the both consolidated and parent-alone financial results of the company will not be affected.

10. From the first quarter of fiscal 2014, Retained earnings on the consolidated balance sheets present the total amount of Legal reserve and Retained earnings which were separately presented until fiscal 2013.
11. Panasonic Mobile Communications Co., Ltd. (PMC) transferred the mobile phone terminal business through a corporate split to a newly established company. At the same time, the mobile phone base station business was split and transferred to Panasonic System Networks Co., Ltd. Then Panasonic absorbed the remaining PMC through a merger on April 1, 2013. Upon this transfer, the newly established company was incorporated as Panasonic Mobile Communications Co., Ltd.
12. The company's segments are classified according to a divisional company-based management system, which focuses on global consolidated management by each divisional company, in order to ensure consistency of its internal management structure and disclosure.

The company restructured its Group organization on April 1, 2013, under which the company changed the number of segments from eight to five. Accordingly, the figures for each segment in fiscal 2013 have been reclassified to conform to the presentation for fiscal 2014.

13. Number of consolidated companies: 532 (including parent company)
14. Number of associated companies under the equity method: 94