

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 6 for U.S. GAAP reconciliation.
3. Victor Company of Japan, Ltd (JVC), a consolidated subsidiary of the Company, issued and allocated new shares of common stock to third parties on August 10, 2007 for a cash consideration of 35 billion yen. As a result, the Company's shareholding in JVC decreased from 52.4% to 36.8%. JVC and its consolidated subsidiaries became associated companies under the equity method from consolidated subsidiaries from August 2007.
4. Comprehensive income was reported as a gain of 86,399 million yen (\$751 million) for the first half ended September 30, 2007, a gain of 132,146 million yen for the first half ended September 30, 2006, and a gain of 289,270 million yen for the year ended March 31, 2007. Comprehensive income includes net income and increases (decreases) in accumulated other comprehensive income (loss).

5. Per share data (Year ended September 30)

	<u>2007 first half</u>	<u>2006 first half</u>	<u>2007 first half</u>
Net income (millions of yen)	¥ 105,122	¥ 115,123	\$ 914 million
Average common shares outstanding (number of shares)	2,131,342,902	2,197,901,732	
Dilutive effect:			
Stock Options	<u>4,569</u>	<u>17,912</u>	
Diluted common shares outstanding	2,131,347,471	2,197,919,644	
Net income per share:			
Basic	49.32 yen	52.38 yen	\$ 0.43
Diluted	49.32 yen	52.38 yen	\$ 0.43

6. 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.
7. 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.

8. 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.
(JVC and its consolidated subsidiaries became associated companies under the equity method from consolidated subsidiaries from August 2007.)

Other

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

9. Number of consolidated subsidiaries: 570
(10 companies were newly added, and 92 companies were excluded from consolidated companies. JVC and its consolidated subsidiaries are among the 92 companies.)
10. Number of companies reflected by the equity method: 141
(72 companies were newly added, and 2 companies were excluded from the equity method companies. JVC and its consolidated subsidiaries are among the 72 companies.)
11. United States Dollar amounts are translated from yen for convenience at the rate of U.S. \$1.00 =115 yen, the approximate rate on the Tokyo Foreign Exchange Market on September 28, 2007.
12. Each American Depositary Share (ADS) represents 1 share of common stock.