

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 operations and Note 3 for U.S. GAAP reconciliation.
3. 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 operations.
4. In June 2009, FASB issued the FASB Accounting Standards Codification (ASC) 105 "Generally Accepted Accounting Principles." Accordingly, consolidated financial statements for the period ending after the effective date of ASC 105 should contain Codification citations in place of any corresponding references to legacy accounting pronouncements. The company adopted ASC 105 for the nine months and three months ended December 31, 2009. The Codification does not change or alter existing U.S. GAAP and, therefore, the adoption of ASC 105 did not have an effect on the company's consolidated financial statements.
5. The company adopted ASC 805, "Business Combinations" (formerly SFAS No. 141 (revised 2007), "Business Combinations") and ASC 810, "Consolidation" (formerly SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment to ARB No. 51") for fiscal 2010. ASC 805 and 810 require most identifiable assets, liabilities, noncontrolling interests, and goodwill acquired in a business combination to be recorded at "full fair value" and require noncontrolling interests (referred to as minority interests until fiscal 2009) to be reported as a component of equity, which changes the accounting for transactions with noncontrolling interest holders. Accordingly, "Noncontrolling interests," which was referred to as "Minority interests" and was classified between liabilities and stockholders' equity on the consolidated balance sheet as a separate component until fiscal 2009, are now included in equity. The presentations of the other financial statements were also changed. These presentation requirements have been adopted retrospectively and prior year amounts in the consolidated financial statements have been reclassified to conform to the presentation used for the nine months and the three months ended December 31, 2009.
6. Comprehensive income (loss) attributable to Panasonic Corporation was reported as 13,305 million yen for the nine months ended December 31, 2009, and a loss of 196,598 million yen for the nine months ended December 31, 2008. Comprehensive income (loss) attributable to Panasonic Corporation includes "net income (loss) attributable to Panasonic Corporation" and increases (decreases) in accumulated other comprehensive income (loss) attributable to Panasonic Corporation.

7. Diluted net income (loss) per share, attributable to Panasonic Corporation common shareholders, for the third quarter, nine months ended December 31, 2009 and for the third quarter of fiscal 2009, has been omitted because the company did not have potential common shares that were outstanding for the period.

8. 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.

9. On December 21, 2009, the company acquired 50.2% of the voting rights of SANYO through a tender offer to obtain a controlling interest in SANYO. The operating results of SANYO and its subsidiaries for the third quarter and the nine months ended December 31, 2009 are not included in the company's consolidated financial statements. Assets acquired and liabilities assumed are under calculation and these amounts reflected on the company's consolidated balance sheet as of December 31, 2009 are as shown below. After deducting 403,780 million yen (the company's investment in SANYO) from 2,434,913 million yen (the total assets acquired), the total assets increased 2,031,133 million yen.

Yen (millions)

Current assets	¥ 880,707
Investments and advances	106,062
Property, plant and equipment	406,442
Other assets	1,041,702
Total assets acquired	<u>2,434,913</u>
Current liabilities	605,840
Noncurrent liabilities	892,933
Total liabilities assumed	¥ <u>1,498,773</u>

10. 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.

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

Digital AVC Networks

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

Home Appliances

Home Appliances Company, Lighting Company,
Panasonic Ecology Systems Co., Ltd.

PEW and PanaHome

Panasonic Electric Works Co., Ltd., PanaHome Corporation

Components and Devices

Semiconductor Company, Panasonic Electronic Devices Co., Ltd.,
Energy Company, Motor Company

Other

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

* SANYO and its subsidiaries became Panasonic's consolidated subsidiaries in December 2009, and will be disclosed as "SANYO" segment.

11. In a phase of growth for global excellence, Panasonic discloses three business fields of the group which consist of five segments as shown below in order to further clarify its business fields for investors. Sales and profits by business fields are calculated as the simple total of business segments making up each business field.

Digital AVC Networks Solution

Digital AVC Networks

Solutions for the Environment and Comfortable Living

Home Appliances, PEW and PanaHome

Devices and Industry Solution

Components and Devices, Other

12. Number of consolidated companies: 692 (including parent company)

13. Number of associated companies under the equity method: 237