

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 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 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 from the second quarter of fiscal 2010. 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 the provisions of 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"). 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 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 fiscal 2010.

6. Per share data (Years ended March 31)

	<u>2010</u>	<u>2009</u>
Net income (loss) attributable to		
Panasonic Corporation (millions of yen)	(103,465)	(378,961)
Average common shares outstanding		
(number of shares)	2,070,623,618	2,079,296,525
Dilutive effect:		
Stock Options	<u>-</u>	<u>-</u>
Diluted common shares outstanding	<u>-</u>	2,079,296,525
Net income (loss) attributable to		
Panasonic Corporation per share:		
Basic	(49.97 yen)	(182.25 yen)
Diluted	<u>-</u>	(182.25 yen)

Diluted net income (loss), attributable to Panasonic Corporation common shareholders per share, for fiscal 2010, has been omitted because the company did not have potential common shares that were outstanding for the period.

7. Regarding consolidated segment profit (loss), 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. On December 21, 2009, the company acquired 50.2% of the voting rights of SANYO through a tender offer to acquire a controlling interest in SANYO. The operating results of SANYO and its subsidiaries after January 2010 are included in the company's consolidated financial statements. Assets acquired and liabilities assumed on acquisition date are as shown below. After deducting 403,780 million yen (the company's investment in SANYO) from 2,449,910 million yen (the total assets acquired), the total assets increased by 2,046,130 million yen.

	<u>Yen (millions)</u>
Current assets	¥ 882,681
Investments and advances	105,643
Property, plant and equipment	404,468
Other assets	<u>1,057,118</u>
Total assets acquired	<u>2,449,910</u>
Current liabilities	606,639
Noncurrent liabilities	<u>907,131</u>
Total liabilities assumed	<u>¥ 1,513,770</u>

9. 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. SANYO and its subsidiaries became Panasonic's consolidated subsidiaries in December 2009, and are disclosed as "SANYO" segment.

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

Digital AVC Networks

AVC Networks Company, System Networks Company*,
Panasonic Mobile Communications Co., Ltd., Automotive Systems 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

SANYO

SANYO Electric Co., Ltd.

Other

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

* Panasonic Communications Co., Ltd. and System Solutions Company, which were classified to Digital AVC Networks, were integrated and became System Networks Company in January 2010.

10. Number of consolidated companies: 680 (including parent company)

11. Number of associated companies under the equity method: 232