

Notes to consolidated financial statements:

1. The Company's consolidated financial statements are prepared in conformity with United States generally accepted accounting principles.
2. In order to be consistent with generally accepted financial reporting practices in Japan, operating profit (loss) is presented as net sales less cost of sales and selling, general and administrative expenses.
3. From this fiscal year (fiscal 2003), the Company has applied SFAS No.142, "Goodwill and Other Intangible Assets." This statement requires that goodwill and intangible assets that have indefinite useful lives no longer be amortized, but tested at least annually for impairment. Intangible assets that have estimable useful lives will continue to be amortized over their useful lives. The effects on net loss and basic and diluted net loss per common share for the first quarter of fiscal 2002, if SFAS No.142 had been applied a year ago are as follows:

	<u>Three months ended June 30, 2001</u>
	[in yen millions]
Reported net income (loss)	(19,373)
Addition: Goodwill amortization	<u>1,622</u>
Adjusted net income (loss)	<u>(17,751)</u>
	[in yen]
Reported net income (loss) per common share, basic	(9.32)
Addition: Goodwill amortization	<u>0.78</u>
Adjusted net income (loss) per common share, basic	<u>(8.54)</u>
	[in yen]
Reported net income (loss) per common share, diluted	(9.32)
Addition: Goodwill amortization	<u>0.78</u>
Adjusted net income (loss) per common share, diluted	<u>(8.54)</u>

4. Comprehensive income (loss) was reported as a loss of 273,617 million yen (\$2,299 million) for the first quarter ended June 30, 2002 and a loss of 34,254 million yen for the first quarter ended June 30, 2001. Comprehensive income (loss) includes net income (loss) and increases (decreases) in cumulative translation adjustments, unrealized holding gains of available-for-sale securities, unrealized gains (losses) of certain derivative instruments and minimum pension liability adjustments.

5. With respect to retirement benefit and pension plans, effective April 1, 2002, the Company and certain of its subsidiaries amended their lump-sum retirement benefit payment plans to cash balance pension plans which are included in the Employees Pension Funds. Under the cash balance pension plans, each participant has an account which is credited yearly based on the current rate of pay and market-related interest rate. At the same time, the Company introduced a "Point based benefit system" to the company portion of Employees Pension Funds, under which the benefit obligation is calculated based on the accumulated points of each participant. As a result of these changes, the amount of Accumulated Benefit Obligation (ABO) has increased. Accordingly, to comply with United States generally accepted accounting principles, the Company on its balance sheet, as of the end of the current first quarter, provided an increased amount of retirement and severance benefits (which is included in "Other long-term liabilities") and also increased the amount of minimum pension liability adjustments, net of tax (which is included in "Accumulated other comprehensive income (loss)"). The above changes in the retirement and pension plans have had little effect on the amount of the Company's Projected Benefit Obligation (PBO).
6. Following the enactment of the Welfare Pension Insurance Law in Japan, the Company and certain of its subsidiaries obtained approval from Japan's Ministry of Health, Labour and Welfare for exemption from the future benefit obligation with respect to the portion of the Employees Pension Funds that the Company and certain of its subsidiaries operate on behalf of the Government (the so-called "substitutional portion"). Under United States generally accepted accounting principles, the relevant one-time profit may be recognized only on the settlement of substitutional portion when the Company returns the past benefit obligation to the Government, which Matsushita currently expects to occur during the year ending March 31, 2004.
7. Number of consolidated companies: 308
8. Number of companies reflected by the equity method: 49
9. United States dollar amounts are translated from yen for convenience at the rate of U.S. \$1.00 = 119 yen, the approximate rate on the Tokyo Foreign Exchange Market on June 28, 2002.