Notes to consolidated financial statements:

1. The company's consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States (U.S.GAAP).

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. 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 8 below for U.S.GAAP reconciliation.

3. From this fiscal year (fiscal 2003), the company has included certain subsidiaries, primarily overseas subsidiaries, of Victor Company of Japan, Ltd. in its consolidated reporting, in line with the company's new domain-based, global consolidated management policy implemented through the groupwide business and organizational restructuring in January 2003. The financial statements for fiscal 2002 were restated retroactively.

4. From this fiscal year (fiscal 2003), the company has applied SFAS No.142, "G*oodwill 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 fiscal 2002, if SFAS No.142 had been applied a year ago are as follows:

	Fiscal 2002
	[in millions of yen]
Reported net income (loss)	(427,779)
Addition: goodwill amortization	7,190
Adjusted net income (loss)	(420,589)
	[in yen]
Reported net income (loss) per common share, basic	(206.09)
Addition: goodwill amortization	3.46
Adjusted net income (loss) per common share, basic	(202.63)
	[in yen]
Reported net income (loss) per common share, diluted	(206.09)
Addition: goodwill amortization	3.46
Adjusted net income (loss) per common share, diluted	(202.63)

5. From this fiscal year (fiscal 2003), the company has applied FASB's Emerging Issues Task Force (EITF) Issue 01-9, "*Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products*." As a result, the company presents some considerations that were heretofore recorded in selling, general and administrative expenses as reductions of sales.

6. Comprehensive income (loss) was reported as a loss of 570,552 million yen ($4,755 million) for fiscal 2003, and a loss of 503,233 million yen for fiscal 2002. Comprehensive income (loss) includes net income (loss), increases (decreases) in cumulative translation adjustments, unrealized holding gains (losses) of available-for-sale securities, unrealized gains of certain derivative instruments and minimum pension liability adjustments.

7. On October 1, 2002, Matsushita Electric Industrial Co., Ltd. transformed Matsushita Communication Industrial Co., Ltd., Kyushu Matsushita Electric Co., Ltd., Matsushita Seiko Co., Ltd., Matsushita Kotobuki Electronics Industries, Ltd. and Matsushita Graphic Communication Systems, Inc. into wholly owned subsidiaries, based on share exchange agreements that were executed on April 26, 2002, for which the company has applied SFAS No.141, "*Business combinations*." As a result of these share exchanges, the company recorded 315,046 million yen in "Other assets" in the consolidated balance sheet as the total of goodwill and certain other accounts on October 1, 2002.

8. "Restructuring charges" in the consolidated statement of income include expenses associated with the implementation of early retirement programs. "Other income (loss), net" for fiscal 2002 includes business restructuring expenses, such as impairment losses and other expenses associated with the closure or integration of several manufacturing facilities. Under accounting principles generally accepted in the United States, these charges are included as part of operating profit (loss) in the statemant of income. "Other income (loss), net" for fiscal 2003 includes a gain on the sale of Panasonic Disc Services Corporation in the United States.

9. Due to revised Local enterprise income taxes law in light of a new pro-forma standard taxation system was promulgated on March 31, 2003, the company revaluated deferred tax assets and increased provision for income taxes by 22,317 million yen in consolidated statement of income .

10. Following the enactment of the Welfare Pension Insurance Law in Japan, Matsushita Electric Industrial Co., Ltd. and certain of its subsidiaries obtained approval, during the period between June and August last year, 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 operated on behalf of the Government (so-called the "substitutional portion"). Under accounting principles generally accepted in the United States, the relevant one-time profit (loss) may be recognized only on the settlement of the substitutional portion when the company returns the past benefit obligation to the Government, which the company currently expects to occur during the year ending March 31, 2004.

11. Matsushita Electric Industrial Co., Ltd. and most of its subsidiaries maintain Employees Pension Funds and lump-sum retirement benefit payment plans as defined benefit plans. Effective April, 2002, the company and certain of its subsidiaries amended their lump-sum retirement benefit payment plans, introducing cash balance pension plans. Several overseas subsidiaries also maintain defined contribution plans.

12. Number of consolidated companies: 384

13. Number of companies reflected by the equity method: 48

14. United States dollar amounts are translated from yen for convenience at the rate of U.S. $1.00 =120 yen, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2003.