

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 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. Under U.S. GAAP, restructuring charges are usually included as part of operating profit in the statement of income.
3. Sales on a local currency basis is not a measure conforming with U.S. GAAP. However, the company believes that this measure is useful to investors in promoting understanding of the company's business conditions by excluding the influence of foreign currency exchange rate fluctuations.
4. Restructuring charges in "Other income (deductions)" of the consolidated statements of income for the third quarter and nine months ended December 31, 2003 and 2002 include expenses associated with the implementation of early retirement programs at certain domestic companies.
5. The company began consolidating certain previously unconsolidated subsidiaries, primarily overseas subsidiaries of Victor Company of Japan, Ltd., a consolidated subsidiary of the company, during the year ended March 31, 2003, and restated amounts for the third quarter and nine months ended December 31, 2002.
6. Upon the introduction of a new business domain-based management system, which focuses on global consolidated management by each business domain, from this fiscal year (fiscal 2004), the company changed its business segment classifications to five new segments: AVC Networks, Home Appliances, Components and Devices, JVC and Other, in order to ensure consistency of its internal management structure and disclosure. Accordingly, sales breakdown and segment information for the third quarter and nine months ended December 31, 2002 have been restated.

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, Matsushita Kotobuki Electronics Industries, Ltd.

Home Appliances:

Home Appliances Group, Healthcare Business Company, Lighting Company,
Matsushita Ecology Systems Co., Ltd.

Components and Devices:

Semiconductor Company, Matsushita Battery Industrial Co., Ltd.,
Matsushita Electronic Components Co., Ltd., Motor Company

JVC:

Victor Company of Japan, Ltd.

Other:

Panasonic Factory Solutions Co., Ltd., Matsushita Industrial Information Equipment Co., Ltd.

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. Matsushita Electric Welfare Pension Funds obtained approval in October 2003 from Japan's Ministry of Health, Labour and Welfare (the Ministry) for exemption from the past benefit obligation with respect to the portion that the company operated for the Government (the so-called "substitutional portion"), and transferred the substitutional portion to the Government in December 2003. Income related to the transfer of the substitutional portion of the Employees Pension Funds is reported as other income of 39,580 million yen (\$370 million) in the consolidated statement of income.
9. Comprehensive income (loss) was reported as a gain of 223,115 million yen (\$2,085 million) for the third quarter ended December 31, 2003 and a loss of 17,614 million yen for the third quarter ended December 31, 2002. Comprehensive income (loss) was a gain of 252,750 million yen (\$2,362 million) for the nine months ended December 31, 2003, compared with a loss of 394,666 million yen a year ago. Comprehensive income (loss) includes net income (loss) and increases (decreases) in cumulative translation adjustments, unrealized holding gains (losses) of available-for-sale securities, unrealized gains (losses) of certain derivative instruments and minimum pension liability adjustments.
10. Number of consolidated companies: 375
11. Number of companies reflected by the equity method: 58
12. United States Dollar amounts are translated from yen for convenience at the rate of U.S. \$1.00 = 107 yen, the approximate rate on the Tokyo Foreign Exchange Market on December 30, 2003.