

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. Please refer to the accompanying consolidated statement of income and note 4 for U.S. GAAP reconciliation.
3. Comprehensive income (loss) was reported as a gain of 348,285 million yen (\$3,349 million) for fiscal 2004, and a loss of 570,552 million yen for fiscal 2003. 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.
4. "Restructuring charges" in "Other income (deductions)" of the consolidated statements of income for fiscal 2004 and fiscal 2003 include expenses associated with the implementation of early retirement programs at certain domestic companies. "Other income (loss), net" for fiscal 2004 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 in the statement of income. "Other income (loss), net" for fiscal 2003 includes a gain on the sale of Panasonic Disc Services Corporation in the United States.
5. Due to revised local enterprise income tax laws in light of a new pro-forma standard taxation system that was promulgated in March 2003, the company revalued deferred tax assets and increased provision for income taxes by 8,614 million yen (\$83 million) in the consolidated statements of income for fiscal 2004, and 22,317 million yen for fiscal 2003.
6. In fiscal 2003, the company and certain of its subsidiaries obtained approvals from Japan's Ministry of Health, Labour and Welfare for exemption from the past benefit obligation with respect to the portion of the Employees Pension Funds that the company and certain of its subsidiaries operated for the Government (the so-called "substitutional portion"), and transferred the substitutional portion to the Government in December 2003 or later. Gain from the transfer of the substitutional portion of the Employees Pension Funds of 72,228 million yen (\$695 million) is reported as other income in the consolidated statement of income.
7. Matsushita Electric Industrial Co., Ltd. and most of its domestic subsidiaries maintain Employees Pension Funds and lump-sum retirement benefit payment plans as defined benefit plans. Effective April 2002 or later, 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 benefit plans.

8. 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 fiscal 2003 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.

9. 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.
10. As a result of the tender offer in which the company purchased 140.55 million shares of Matsushita Electric Works, Ltd. (MEW) at the total cost of 146,172 million yen, MEW and its subsidiaries and PanaHome Corporation and its subsidiaries became consolidated subsidiaries of the company on April 1, 2004.
11. Number of consolidated companies: 372
12. Number of companies reflected by the equity method: 59
13. United States Dollar amounts are translated from yen for convenience at the rate of U.S. \$1.00 = 104 yen, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2004.
14. Each American Depositary Share (ADS) represents 1 share of common stock.