Notes to consolidated financial statements:

1. The company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles.

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 was reported as a gain of 191,419 million yen ($1,724 million) for the first half ended September 30, 2004, a gain of 29,635 million yen for the first half ended September 30, 2003, and a gain of 348,285 million yen for the year ended March 31, 2004. Comprehensive income includes net income 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 statement of income for the first half ended September 30, 2004 includes expenses associated with the implementation of early retirement programs at certain domestic companies. Under U.S. generally accepted accounting principles, these charges are included as part of operating profit in the statement of income.

5. Certain of the company's 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 certain of the company's subsidiaries operated for the Government (the so-called "substitutional portion"), and transfered the substitutional portion to the Government in the first half ended September 30, 2004. The gain of 31,509 million yen ($284 million) from the transfer of the substitutional portion of the Japanese Welfare Pension Insurance is reported as other income in the consolidated statement of income.

6. On April 1, 2004, the company acquired 19.2% of the issued common shares of MEW through a tender offer, of which the company had a 31.8% equity ownership until then, to obtain its controlling interest. This acquisition also resulted in another acquisition of controlling interest of PanaHome because both the company and MEW have 27% equity ownership. The acquired assets and assumed liabilities on April 1, 2004 are as shown below. As a result, the total assets at the beginning of the period increased 1,043,282 million yen, the balance that deducts 343,844 million yen, the company's new basis of investment in MEW and PanaHome upon the acquisition of additional shares, from 1,387,126 million yen, the total assets acquired.

	Yen (millions)
Current assets	¥ 658,544
Property, plant and equipment	440,584
Other assets	287,998
Total assets acquired	1,387,126
Current liabilities	335,899
Noncurrent liabilities	419,803
Total liabilities assumed	755,702
Minority interests	287,580
Net assets acquired	¥ 343,844

7. The company and most of its domestic subsidiaries maintain defined benefit pension plans such as "Point-based benefits system" and "Cash balance pension plans". Several of its domestic subsidiaries have lump-sum payment plans, while several overseas subsidiaries also maintain defined benefit pension plans.

8. 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. MEW, PanaHome and their respective subsidiaries became consolidated subsidiaries of the company on April 1, 2004. Accordingly, a new segment, MEW and PanaHome, has been added to the company's business segment classifications from this fiscal year (fiscal 2005).

   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

   MEW and PanaHome:
   Matsushita Electric Works, Ltd., PanaHome Corporation

   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. Number of consolidated companies: 569

11. Number of companies reflected by the equity method: 83

12. United States Dollar amounts are translated from yen for convenience at the rate of U.S. $1.00 = 111 yen, the approximate rate on the Tokyo Foreign Exchange Market on September 30, 2004.

13. Each American Depositary Share (ADS) represents 1 share of common stock.