Notes to consolidated financial statements:

1. The company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (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 was reported as a gain of 219,606 million yen ($2,052 million) for fiscal 2005, and a gain of 348,285 million yen for fiscal 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 statements of income for fiscal 2005 and fiscal 2004 include 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. 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

6. Employees Pension Funds in certain of the company's subsidiaries obtained approvals from Japan's Ministry of Health, Labour and Welfare (the Ministry) 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 transferred the substitutional portion to the Government in fiscal 2005. The gain of 31,509 million yen for fiscal 2005 from the transfer of the substitutional portion of the Japanese Welfare Pension Insurance is reported as other income in the consolidated statement of income.

Matsushita Electric Welfare Pension Funds and Employees Pension Funds in the company's subsidiaries obtained approval from the Ministry for exemption from the past benefit obligation with respect to the substitutional portion and transferred it 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 72,228 million yen for fiscal 2004 in the consolidated statement of income.

7. On April 1, 2005, Matsushita transferred 2,707 thousand shares of Matsushita Leasing & Credit Co., Ltd. (MLC) to The Sumitomo Trust & Banking Co., Ltd. (STB) pursuant to a basic agreement regarding the equity ownership of MLC concluded between the company and STB. As a result of the transfer, Matsushita now owns 34% of MLC's total issued shares. MLC (scheduled to be renamed Sumishin Matsushita Financial Services Co., Ltd. on May 1, 2005) was changed from a consolidated subsidiary to an equity method company of Matsushita as of April 1, 2005.

8. With the aim of maximizing shareholder value, the Board of Directors today approved plans to increase total cash dividends per share and own share repurchases for fiscal 2006, ending March 2006. Also, the Board of Directors today decided to adopt a policy toward large-scale purchases of Matsushita shares (ESV* Plan).
   For fiscal 2006, Matsushita plans to increase total dividends per share to 20.00 yen, as compared with the planned 15.00 yen for fiscal 2005. The company will continue to repurchase the company's own shares, up to 120 million shares for a maximum of 150 billion yen in fiscal 2006, to enhance shareholder value per share.
   Under the basic philosophy that shareholders should make final decisions regarding large-scale purchases of Matsushita shares, sufficient information should be provided through the Board of Directors to shareholders if a large-scale purchase is to be conducted. Under the above-mentioned basic philosophy, the Board of Directors decided to adopt a new rule applicable to large-scale purchasers who intend to acquire 20% or more of all voting rights of Matsushita. The new rules require that (i) a large-scale purchaser provide sufficient information to the Board of Directors before a large-scale purchase is to be conducted and (ii) after all required information is provided, the Board of Directors should be allowed a sufficient period of time during which it will assess, examine, negotiate, form an opinion and seek alternatives. In the event of non-compliance with such rules by a prospective large-scale purchaser, the Board of Directors may take countermeasures.
   For further details, see separate press release issued today "Matsushita Announces Policy toward Large-scale Purchases of Matsushita Shares (ESV plan)."

   *ESV stands for Enhancement of Shareholder Value

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. 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.

11. Number of consolidated companies: 628

12. Number of companies reflected by the equity method: 66

13. 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 March 31, 2005.

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