

**Notes to consolidated financial statements:**

1. The Company's consolidated financial statements are prepared in conformity with United States generally accepted accounting principles.
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.
3. From this fiscal year (fiscal 2003), the Company has applied SFAS No.142, "Goodwill 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 the first half of fiscal 2002, if SFAS No.142 had been applied a year ago are as follows:

	Six months ended September 30, 2001
	[in yen millions]
Reported net income (loss)	(69,473)
Addition: Goodwill amortization	<u>2,696</u>
Adjusted net income (loss)	<u>(66,777)</u>
	[in yen]
Reported net income (loss) per common share, basic	(33.41)
Addition: Goodwill amortization	<u>1.29</u>
Adjusted net income (loss) per common share, basic	<u>(32.12)</u>
	[in yen]
Reported net income (loss) per common share, diluted	(33.41)
Addition: Goodwill amortization	<u>1.29</u>
Adjusted net income (loss) per common share, diluted	<u>(32.12)</u>

4. Restructuring charges in "other income (deductions)" of the consolidated statements of income includes one-time expenses associated with the implementation of early retirement programs and the regional-based employee remuneration system. "Other income (loss), net" includes a gain on the sale of Panasonic Disc Services Corporation for the first half ended September 30, 2002.

5. Comprehensive income (loss) was reported as a loss of 373,988 million yen (\$3,065 million) for the first half ended September 30, 2002, a loss of 183,966 million yen for the first half ended September 30, 2001, and a loss of 510,476 million yen for the year ended March 31, 2002. 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.
6. Following the enactment of the Welfare Pension Insurance Law in Japan, the Company and certain of its subsidiaries obtained approval, during the period between June and August of this 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 operate on behalf of the Government (the so-called "substitutional portion"). Under United States generally accepted accounting principles, the relevant one-time profit may be recognized only on the settlement of substitutional portion when the Company returns the past benefit obligation to the Government, which Matsushita currently expects to occur during the year ending March 31, 2004.
7. Number of consolidated companies: 307
8. Number of companies reflected by the equity method: 49
9. United States dollar amounts are translated from yen for convenience at the rate of U.S. \$1.00 = 122 yen, the approximate rate on the Tokyo Foreign Exchange Market on September 30, 2002.

### **Subsequent Events**

On October 1, Matsushita Electric Industrial Co., Ltd. (MEI) implemented share exchanges with Matsushita Communication Industrial Co., Ltd. (MCI), Kyushu Matsushita Electric Co., Ltd. (KME), Matsushita Seiko Co., Ltd. (MS), Matsushita Kotobuki Electronics Industries, Ltd. (MKEI) and Matsushita Graphic Communication Systems, Inc. (MGCS), based on share exchange agreements that were approved at the ordinary general meetings of shareholders of MEI and each of the group companies on June 27, 2002. MEI allotted new MEI shares to shareholders (excluding MEI) of MCI, KME, MS, MKEI and MGCS.