

October 30, 2001

FOR IMMEDIATE RELEASE

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ANNOUNCEMENT OF FINANCIAL RESULTS

(Note: Dollar amounts for the most recent period have been translated for convenience at the rate of U.S.\$1.00 = 119 yen.)

MATSUSHITA REPORTS SECOND QUARTER AND FIRST HALF RESULTS

Lower Sales, Losses Reflect Continuing Global Economic Slowdowns

Matsushita Electric Industrial Co., Ltd. today reported its consolidated financial results for the second quarter and first half, ended September 30, 2001, and non-consolidated (parent company alone) results for the first fiscal half.

Consolidated Second-quarter Results

Consolidated group sales for the second quarter were down 13% to 1,710.8 billion yen (U.S.\$14.38 billion), from 1,964.7 billion yen in the same three-month period a year ago. Of the total, domestic sales decreased 19% to 823.9 billion yen (\$6.92 billion), while overseas sales decreased 6% to 886.9 billion yen (\$7.45 billion). Excluding the effects of currency translation, overseas sales decreased 14% from a year ago on a local currency basis.

Matsushita attributes these declines primarily to worsening U.S. and worldwide economic conditions and further depressed demand from the global IT industry. In explaining external conditions, the Company said that the Japanese economy experienced continued setbacks due mainly to decreased exports and depressed capital investments, while outside of Japan, the U.S. economy slowed further, with

countries in Europe and Asia also showing signs of deepening economic slowdowns.

Matsushita's earnings were severely impacted by sales declines, especially in mobile communications equipment, including cellular phones, and components and devices for the IT industry, as well as intensified price competition. The negative effects caused by these factors could not be offset by companywide efforts to reduce fixed costs and streamline parts and materials costs. As a result, second quarter operating profit declined to a loss of 37.0 billion yen (\$311 million), as compared with an operating profit of 78.4 billion yen recorded a year ago. Income before income taxes in the second quarter also sharply decreased to a loss of 66.1 billion yen (\$555 million), from a pre-tax profit of 76.5 billion for the same period last year. Accordingly, the Company registered a quarterly net loss of 50.1 billion yen (\$421 million), compared with a net income of 42.0 billion in the previous year's second quarter.

This resulted in a net loss per common share of 24.10 yen (\$0.20) on a diluted basis in the second quarter, versus a net income per common share of 19.25 yen on the same basis a year ago.

Consolidated First-half Results

Combining the second quarter results with those of the first quarter, consolidated group sales for the first fiscal half decreased 9% to 3,385.6 billion yen (\$28.45 billion), compared with 3,737.0 billion yen in the same six-month period a year ago. Domestic sales decreased 12% to 1,648.5 billion yen (\$13.85 billion), while overseas sales decreased 6% to 1,737.1 billion yen (\$14.60 billion). On a local currency basis, overseas sales were down 13%.

For reasons similar to those given for second quarter results, the Company's operating profit for the first fiscal half declined to a loss of 75.7 billion yen (\$636 million), compared with an operating profit of 99.6 billion yen a year ago.

Accordingly, the Company recorded a loss before income taxes of 87.3 billion yen (\$733 million) in the first six months, compared with the previous first half's

income before income taxes of 105.1 billion yen, and a net loss of 69.5 billion yen (\$584 million), compared with a net income of 51.4 billion yen in the first half of the previous year. This resulted in a net loss per common share of 33.41 yen (\$0.28) on a diluted basis, versus net income per common share of 23.70 yen in the first half of the previous year.

Consolidated First-half Sales Breakdown by Product Category

The Company's first-half consolidated sales by major product category are summarized as follows:

AVC Networks

AVC Networks sales declined 6% to 1,937.2 billion yen (\$16.28 billion), compared with 2,060.5 billion yen in the same six-month period a year ago. Within this segment, sales of video and audio equipment edged up 1% due to continued growth in such areas as TVs and DVD players and discs, despite a sales decline in VCR's.

In information and communications equipment, sales grew steadily in such lines as car audiovisual (AV) equipment, CD-R/RW drives, and broadcast- and business-use AV equipment. However, setbacks recorded in mobile communications equipment, including cellular phones, and hard disk drives, resulted in an 11% overall sales decrease within this category.

Home Appliances

Sales of Home Appliances fell 5% to 604.2 billion yen (\$5.08 billion), compared with 639.2 billion yen in the previous year's first half. Although air conditioners, washing machines and cooking equipment recorded modest sales gains, they were offset by sales declines in refrigerators.

Industrial Equipment

Sales of Industrial Equipment were 146.1 billion yen (\$1.23 billion), down 36% from 228.9 billion yen in the same six-month period last year. Sales of factory automation (FA) equipment in both domestic and overseas markets were down

sharply compared with a year ago, due to continuing decreases in demand from the IT-related equipment industry.

Components and Devices

Sales of Components and Devices decreased 14% to 698.1 billion yen (\$5.87 billion), compared with 808.4 billion yen in the first half of last year. While compressors for air conditioners and other uses showed steady sales increases, the fall-off in demand from the mobile communications and other IT-related equipment industries resulted in significant sales declines for semiconductors, general components and electric motors.

Non-Consolidated (Parent Company Alone) First Half Results

First-half parent-alone sales decreased 17% to 1,962.6 billion yen, from 2,373.5 billion yen in the same six-month period a year ago. This decrease is mainly attributable to lower domestic sales and reduced exports, especially in mobile communications equipment, components and devices for information and communications equipment, and FA equipment.

Regarding parent-alone earnings, the favorable effects of a weaker yen and companywide cost reduction efforts were not sufficient to offset lower sales and fierce competition in domestic and overseas markets, resulting in a parent-alone operating loss of 29.9 billion yen, compared with an operating profit of 31.0 billion yen a year ago. Recurring profit decreased 95% to 2.5 billion yen, from 51.5 billion yen in the previous first half. Parent-alone net income also decreased 93% to 2.9 billion yen, compared with 39.8 billion yen in the first half of last year.

Interim Dividend

The Matsushita Board of Directors voted today to distribute an interim cash dividend of 6.25 yen per common share, payable December 10, 2001, to parent-company shareholders of record on September 30, 2001. This dividend rate is unchanged from last year.

Outlook for the Full Fiscal Year 2002, ending March 31, 2002

Matsushita announced today a revision of its forecast made on April 27, 2001 for consolidated and non-consolidated sales and earnings for the current fiscal year, ending March 31, 2002 (fiscal 2002). Taking into account slowdowns in the U.S. and worldwide economies, combined with the negative economic effects caused by the terrorist attacks of September 11, the Company foresees a worsening overall business environment, and the possibility of a global simultaneous recession. The Company currently expects this severe environment, affecting the AVC Networks and Components and Devices segments in particular, to continue through the current fiscal year. To counter this severe environment, and increase profitability, efficiency and corporate value, Matsushita intends to accelerate the implementation of its mid-term Value Creation 21 plan, which started at the beginning of this fiscal year. In addition to its ongoing business restructuring programs, the Company plans to enhance employment restructuring initiatives, including the introduction of a Special Life Plan Assistance Program (effective only for the current fiscal year) to provide an additional retirement allowance and other support to employees opting for early retirement with new careers outside of Matsushita.

On a consolidated group basis, the Company now expects annual sales for the current fiscal year to decrease 11% from the previous fiscal year, to approximately 6,800 billion yen, compared with the original forecast of 7,550 billion yen. Consolidated income before income taxes is anticipated to decrease to a pre-tax loss of approximately 370 billion yen, compared to the previous forecast for pre-tax income of 133 billion yen. The pre-tax loss forecast includes one-time non-operating expenses of an estimated 200 billion yen related to the above-mentioned Special Life Assistance Program, the closure or integration of several manufacturing locations and other restructuring programs. Net income for the fiscal year is also forecasted to decrease sharply, resulting in an estimated net loss of approximately 265 billion yen, as compared with the original forecast for net income of 57 billion yen.

On a non-consolidated, parent company-alone basis, the Company now expects sales for the full fiscal year to decrease 17% from the previous fiscal year, to about

4,030 billion yen, instead of the earlier forecast of 4,680 billion yen. Parent-alone recurring profit is projected to decline, resulting in a recurring loss of 20 billion yen, replacing the earlier forecast of a recurring profit of 81 billion yen. A non-recurring loss of approximately 124 billion yen related to implementation of the Special Life Assistance Program and other restructuring programs will also be incurred. Accordingly, parent-alone annual net income is now seen to fall to a net loss of 68 billion yen, replacing the previous forecast of a net income of 38 billion yen.

Matsushita expects the above-mentioned restructuring programs, taking place in the current fiscal year, to accelerate its Value Creation 21 plan, resulting in sizeable reductions of fixed costs in subsequent years. Based on such positive effects from the restructuring programs and the anticipated recovery in sales, management today indicated its confidence in a turnaround in earnings beginning in the next fiscal year, ending March 31, 2003.

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Disclaimer Regarding Forward-Looking Statements

This release contains forward-looking statements in the context of the U.S. Private Securities Litigation Reform Act of 1995 about the future performance of Matsushita and its group companies (the Matsushita Group). To the extent that statements in this release do not relate strictly to historical or current facts, they may constitute forward-looking statements. These forward-looking statements are based upon the Company's current assumptions and beliefs in light of the information currently available to it, and involve known and unknown risks and uncertainties. The Company's actual actions or results may differ materially from those discussed in the forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statements after the date of this release, but investors are advised to consult any further disclosures by the Company in its subsequent filings pursuant to the Securities Exchange Act of 1934.

Specific risks and uncertainties include, but are not limited to, economic

conditions, particularly consumer spending and corporate capital expenditures in the United States, Europe, Japan and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, Asian currencies and other currencies in which the Matsushita Group operates businesses, or in which assets and liabilities of the Matsushita Group are denominated; the ability of the Matsushita Group to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the ability of the Matsushita Group to maintain competitive strength in many product and geographical areas; expenses incurred in relation to its business restructuring; any changes in the Matsushita Group's financial and operational positions or business environment, upon which assumptions of any business restructuring are based; current and potential, direct and indirect trade restrictions imposed by other countries; and fluctuations in market prices of securities and other assets in which the Company has holdings.

Matsushita Electric Industrial Co., Ltd. is one of the world's leading producers of electronic and electric products for consumer, business and industrial use, which it markets around the world under the "Panasonic," "National," "Technics" and "Quasar" brand names. Matsushita's shares are listed on the Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, Amsterdam, Dusseldorf, Frankfurt, New York, Pacific and Paris stock exchanges. For more information, visit the Matsushita web site at the following URL: <http://www.panasonic.co.jp/global/>

(Financial Tables Attached)

Notes to consolidated financial statements:

1. The Company's consolidated financial statements are prepared in conformity with United States generally accepted accounting principles.
2. From this fiscal year, the Company has applied SFAS No.133, "Accounting for Derivative Instruments and Hedging Activities," and SFAS No.138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, as amendment of SFAS No.133."
3. Comprehensive income (loss) was reported as a loss of 184.0 billion yen (\$1.55 billion) for the first half ended September 30, 2001, and a loss of 21.8 billion yen for the first half ended September 30, 2000. Comprehensive income (loss) includes net income, increases (decreases) in cumulative translation adjustments, unrealized holding gains (losses) of available-for-sale securities and unrealized gains (losses) of certain derivative instruments.
4. Beginning in this fiscal year, Matsushita discloses sales breakdown and business segment information according to the newly reclassified product segments; AVC Networks, Home Appliances, Industrial Equipment, and Components and Devices. Accordingly, sales breakdown and business segment information for the second quarter and first half of fiscal 2001 are restated to correspond to the new segment reclassifications.
5. Restructuring charges in "other income (deductions)" of the consolidated statement of income for the first half ended September 30, 2001 and 2000 include one-time expenses associated with the implementation of the regional-based employee remuneration system and early retirement programs.
6. Number of consolidated companies: 337
7. Number of companies reflected by the equity method: 47
8. United States dollar amounts are translated from yen for convenience at the rate of U.S. \$1.00 = 119 yen, the approximate rate on the Tokyo Foreign Exchange Market on September 28, 2001.

Matsushita Electric Industrial Co., Ltd.
Consolidated Statement of Income *
(Three months ended September 30)

	Yen (millions)		Percentage	U.S. Dollars (millions)
	<u>2001</u>	<u>2000</u>	<u>2001/2000</u>	<u>2001</u>
Net sales	¥ 1,710,825	¥ 1,964,666	87%	\$ 14,377
Cost of sales	(1,290,931)	(1,375,380)		(10,848)
Selling, general and administrative expenses	(456,915)	(510,859)		(3,840)
Operating profit (loss)	<u>(37,021)</u>	<u>78,427</u>	--	<u>(311)</u>
Other income (deductions):				
Interest income	8,831	10,727		74
Dividend income	858	3,592		7
Interest expense	(9,868)	(11,295)		(83)
Restructuring charges **	(8,356)	(3,780)		(70)
Write-down of investment securities	(18,608)	(1,581)		(156)
Other income (loss), net	<u>(1,897)</u>	<u>431</u>		<u>(16)</u>
Income (loss) before income taxes	(66,061)	76,521	--	(555)
Provision for income taxes	(1,359)	(32,028)		(12)
Minority interests	16,522	(7,337)		139
Equity in earnings of associated companies	<u>798</u>	<u>4,817</u>		<u>7</u>
Net income (loss)	<u>¥ (50,100)</u>	<u>¥ 41,973</u>	--	<u>\$ (421)</u>
Net income (loss) per common share, <i>basic</i>	(24.10) yen	20.19 yen		\$ (0.20)
Net income (loss) per common share, <i>diluted</i>	(24.10) yen	19.25 yen		\$ (0.20)

(Parentheses indicate expenses or deductions.)

* ** See notes to consolidated financial statements on page 8.

Supplementary Information
(Three months ended September 30)

	Yen (millions)		U.S. Dollars (millions)
	<u>2001</u>	<u>2000</u>	<u>2001</u>
Depreciation (tangible assets):	¥ 80,834	¥ 84,539	\$ 679
Capital investment:	¥ 85,648	¥ 145,297	\$ 720
R&D expenditures:	¥ 148,392	¥ 139,919	\$ 1,247
Number of employees (Sept. 30)	292,765	300,410	

Matsushita Electric Industrial Co., Ltd.
Consolidated Statement of Income *
(Six months ended September 30)

	Yen (millions)		Percentage 2001/2000	U.S. Dollars (millions) 2001
	<u>2001</u>	<u>2000</u>		<u>2001</u>
Net sales	¥ 3,385,609	¥ 3,737,041	91%	\$ 28,450
Cost of sales	(2,513,324)	(2,634,180)		(21,120)
Selling, general and administrative expenses	(947,992)	(1,003,237)		(7,966)
Operating profit (loss)	<u>(75,707)</u>	<u>99,624</u>	--	<u>(636)</u>
Other income (deductions):				
Interest income	18,403	21,534		155
Dividend income	6,323	12,139		53
Interest expense	(20,928)	(22,364)		(176)
Restructuring charges **	(8,537)	(10,120)		(72)
Write-down of investment securities	(18,608)	(1,583)		(156)
Other income (loss), net	<u>11,797</u>	<u>5,870</u>		<u>99</u>
Income (loss) before income taxes	(87,257)	105,100	--	(733)
Provision for income taxes	(8,771)	(50,562)		(74)
Minority interests	26,903	(10,207)		226
Equity in earnings (losses) of associated companies	<u>(348)</u>	<u>7,041</u>		<u>(3)</u>
Net income (loss)	<u>¥ (69,473)</u>	<u>¥ 51,372</u>	--	<u>\$ (584)</u>
Net income (loss) per common share, <i>basic</i>	(33.41) yen	24.71 yen		\$ (0.28)
Net income (loss) per common share, <i>diluted</i>	(33.41) yen	23.70 yen		\$ (0.28)

Consolidated Statement of Surplus *
(Six months ended September 30)

	Yen (millions)		U.S. Dollars (millions) 2001
	<u>2001</u>	<u>2000</u>	
Retained earnings at beginning of period	¥ 2,924,071	¥ 2,911,665	\$ 24,572
Net income (loss)	(69,473)	51,372	(584)
Cash dividend	(12,995)	(12,890)	(109)
Transfer to legal reserve	(993)	(863)	(8)
Transfer to capital surplus due to a merger of a subsidiary	(3,995)	--	(34)
Retained earnings at end of period	¥ 2,836,615	¥ 2,949,284	\$ 23,837

* ** See notes to consolidated financial statements on page 8.

Supplementary Information
(Six months ended September 30)

	Yen (millions)		U.S. Dollars (millions) 2001
	<u>2001</u>	<u>2000</u>	
Depreciation (tangible assets):	¥ 159,186	¥ 161,457	\$ 1,338
Capital investment:	¥ 180,357	¥ 242,344	\$ 1,516
R&D expenditures:	¥ 282,566	¥ 271,512	\$ 2,375

Matsushita Electric Industrial Co., Ltd.
Consolidated Balance Sheet **
September 30, 2001
With comparative figures for March 31, 2001

<u>Assets</u>	Yen (millions)		U.S. Dollars (millions)
	<u>Sept. 30, 2001</u>	<u>March 31, 2001</u>	<u>Sept. 30, 2001</u>
Current assets:			
Cash and deposits	¥ 1,148,188	¥ 1,376,023	\$ 9,648
Marketable securities	16,626	11,421	140
Trade receivables (notest and accounts)	1,169,333	1,396,078	9,826
Inventories	1,019,311	1,047,615	8,566
Other current assets	<u>474,420</u>	<u>486,812</u>	<u>3,987</u>
Total current assets	<u>3,827,878</u>	<u>4,317,949</u>	<u>32,167</u>
Noncurrent receivables	235,018	246,419	1,975
Investments and advances	1,339,457	1,511,337	11,256
Property, plant and equipment, net of accumulated depreciation	1,599,038	1,578,061	13,437
Other assets	<u>591,064</u>	<u>502,522</u>	<u>4,967</u>
Total assets	<u>¥ 7,592,455</u>	<u>¥ 8,156,288</u>	<u>\$ 63,802</u>
 <u>Liabilities and Stockholders' Equity</u>			
Current liabilities:			
Short-term borrowings	¥ 638,338	¥ 548,459	\$ 5,364
Trade payables (notest and accounts)	503,946	677,723	4,235
Other current liabilities	<u>1,383,235</u>	<u>1,466,605</u>	<u>11,624</u>
Total current liabilities	<u>2,525,519</u>	<u>2,692,787</u>	<u>21,223</u>
Long-term liabilities	955,677	1,123,012	8,031
Minority interests	536,262	567,809	4,506
Common stock	211,000	210,994	1,773
Capital surplus	631,447	621,267	5,306
Legal reserve	82,581	88,251	694
Retained earnings	2,836,615	2,924,071	23,837
Accumulated other comprehensive income (loss) *	(185,657)	(71,164)	(1,560)
Treasury stock	<u>(989)</u>	<u>(739)</u>	<u>(8)</u>
Total liabilities and stockholders' equity	<u>¥ 7,592,455</u>	<u>¥ 8,156,288</u>	<u>\$ 63,802</u>

* Accumulated other comprehensive income (loss) breakdown:

	Yen (millions)		U.S. Dollars (millions)
	<u>Sept. 30, 2001</u>	<u>March 31, 2001</u>	<u>Sept. 30, 2001</u>
Cumulative translation adjustments	¥ (182,720)	¥ (150,027)	\$ (1,535)
Unrealized holding gains (losses) of available-for-sale securities	¥ (4,528)	¥ 78,863	\$ (38)
Unrealized gains of derivative instruments	¥ 1,591	--	\$ 13

** See notes to consolidated financial statements on page 8.

Matsushita Electric Industrial Co., Ltd.
Consolidated Sales Breakdown *
(Three months ended September 30)

	<u>2001</u>	Yen (billions)	<u>2000</u>	Percentage <u>2001/2000</u>	U.S. Dollars (millions) <u>2001</u>
<i>AVC Networks</i>					
Video and audio equipment	¥ 448.5		¥ 450.0	100%	\$ 3,769
Information and communications equipment	<u>538.7</u>		<u>643.2</u>	84%	<u>4,527</u>
Subtotal	<u>987.2</u>		<u>1,093.2</u>	90%	<u>8,296</u>
<i>Home Appliances</i>	<u>306.3</u>		<u>333.4</u>	92%	<u>2,574</u>
<i>Industrial Equipment</i>	<u>74.1</u>		<u>129.4</u>	57%	<u>623</u>
<i>Components and Devices</i>	<u>343.2</u>		<u>408.6</u>	84%	<u>2,884</u>
Total	<u>¥ 1,710.8</u>		<u>¥ 1,964.6</u>	87%	<u>\$ 14,377</u>
Domestic sales	823.9		1,018.6	81%	6,924
Overseas sales	886.9		946.0	94%	7,453

(Six months ended September 30)

	<u>2001</u>	Yen (billions)	<u>2000</u>	Percentage <u>2001/2000</u>	U.S. Dollars (millions) <u>2001</u>
<i>AVC Networks</i>					
Video and audio equipment	¥ 840.3		¥ 830.8	101%	\$ 7,061
Information and communications equipment	<u>1,096.9</u>		<u>1,229.7</u>	89%	<u>9,218</u>
Subtotal	<u>1,937.2</u>		<u>2,060.5</u>	94%	<u>16,279</u>
<i>Home Appliances</i>	<u>604.2</u>		<u>639.2</u>	95%	<u>5,077</u>
<i>Industrial Equipment</i>	<u>146.1</u>		<u>228.9</u>	64%	<u>1,228</u>
<i>Components and Devices</i>	<u>698.1</u>		<u>808.4</u>	86%	<u>5,866</u>
Total	<u>¥ 3,385.6</u>		<u>¥ 3,737.0</u>	91%	<u>\$ 28,450</u>
Domestic sales	1,648.5		1,883.9	88%	13,853
Overseas sales	1,737.1		1,853.1	94%	14,597

* See notes to consolidated financial statements on page 8.

[Domestic/Overseas Sales Breakdown for Six Months ended September 30, 2001]

(in yen only)

	<u>Yen (billions)</u> <u>Domestic sales</u> <u>2001</u>	<u>Percentage</u> <u>2001/2000</u>	<u>Yen (billions)</u> <u>Overseas sales</u> <u>2001</u>	<u>Percentage</u> <u>2001/2000</u>
<i><u>AVC Networks</u></i>				
Video and audio equipment	¥ 265.3	95%	¥ 575.0	104%
Information and communications equipment	<u>532.2</u>	89%	<u>564.7</u>	90%
Subtotal	<u>797.5</u>	91%	<u>1,139.7</u>	97%
<i><u>Home Appliances</u></i>	<u>444.8</u>	92%	<u>159.4</u>	101%
<i><u>Industrial Equipment</u></i>	<u>106.8</u>	68%	<u>39.3</u>	54%
<i><u>Components and Devices</u></i>	<u>299.4</u>	82%	<u>398.7</u>	90%
Total	<u>¥ 1,648.5</u>	88%	<u>¥ 1,737.1</u>	94%

Matsushita Electric Industrial Co., Ltd.
Consolidated Information by Segments *
(Six months ended September 30)

By Business Segment:

	<u>Yen (billions)</u>		<u>Percentage</u> <u>2001/2000</u>	<u>U.S. Dollars</u> <u>(millions)</u>
	<u>2001</u>	<u>2000</u>		<u>2001</u>
[Sales]				
AVC Networks	¥ 1,937.3	¥ 2,060.6	94%	\$ 16,280
Home Appliances	604.5	639.2	95%	5,080
Industrial Equipment	149.3	231.5	64%	1,255
Components and Devices	<u>1,016.2</u>	<u>1,239.6</u>	82%	<u>8,539</u>
Subtotal	3,707.3	4,170.9	89%	31,154
Corporate and elimination	<u>(321.7)</u>	<u>(433.9)</u>	--	<u>(2,704)</u>
Consolidated total	<u>¥ 3,385.6</u>	<u>¥ 3,737.0</u>	91%	<u>\$ 28,450</u>
[Operating Profit]				
AVC Networks	¥ (32.2)	¥ 41.5	--	\$ (271)
Home Appliances	25.7	22.5	114%	216
Industrial Equipment	(14.2)	16.0	--	(119)
Components and Devices	<u>(29.6)</u>	<u>58.7</u>	--	<u>(249)</u>
Subtotal	(50.3)	138.7	--	(423)
Corporate and elimination	<u>(25.4)</u>	<u>(39.1)</u>	--	<u>(213)</u>
Consolidated total	<u>¥ (75.7)</u>	<u>¥ 99.6</u>	--	<u>\$ (636)</u>

By Domestic and Overseas Company Location:

	<u>Yen (billions)</u>		<u>Percentage</u> <u>2001/2000</u>	<u>U.S. Dollars</u> <u>(millions)</u>
	<u>2001</u>	<u>2000</u>		<u>2001</u>
[Sales]				
Japan	¥ 2,525.4	¥ 2,968.3	85%	\$ 21,222
Americas	597.6	589.2	101%	5,022
Europe	279.8	323.3	87%	2,351
Asia and others	<u>822.6</u>	<u>777.7</u>	106%	<u>6,913</u>
Subtotal	4,225.4	4,658.5	91%	35,508
Corporate and elimination	<u>(839.8)</u>	<u>(921.5)</u>	--	<u>(7,058)</u>
Consolidated total	<u>¥ 3,385.6</u>	<u>¥ 3,737.0</u>	91%	<u>\$ 28,450</u>
[Operating Profit]				
Japan	¥ (58.0)	¥ 104.9	--	\$ (487)
Americas	(1.9)	10.8	--	(16)
Europe	(9.1)	(2.0)	--	(76)
Asia and others	<u>21.7</u>	<u>26.8</u>	81%	<u>182</u>
Subtotal	(47.3)	140.5	--	(397)
Corporate and elimination	<u>(28.4)</u>	<u>(40.9)</u>	--	<u>(239)</u>
Consolidated total	<u>¥ (75.7)</u>	<u>¥ 99.6</u>	--	<u>\$ (636)</u>

* See notes to consolidated financial statements on page 8.

Consolidated Statements of Cash Flows * **
Six months ended September 30

	Yen (millions)		U.S. Dollars (millions)
<i>Cash flows from operating activities:</i>	2001	2000	2001
Net income (loss)	¥ (69,473)	¥ 51,372	\$ (584)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	166,843	172,723	1,402
Net gain on sale of investments	(6,641)	(2,185)	(56)
Provision for doubtful receivables	5,369	7,638	45
Deferred income taxes	(3,913)	(40,292)	(33)
Write-down of investment securities	18,608	1,583	156
Minority interests	(26,903)	10,207	(226)
(Increase) decrease in trade receivables	215,663	(44,686)	1,813
(Increase) decrease in inventories	17,703	(131,645)	149
(Increase) decrease in other current assets	(20,024)	(19,129)	(168)
(Increase) decrease in noncurrent receivables	11,401	3,897	96
Increase (decrease) in trade payables	(159,438)	8,700	(1,340)
Increase (decrease) in accrued income taxes	(25,788)	11,534	(217)
Increase (decrease) in accrued expenses and other current liabilities	(36,146)	62,901	(304)
Increase (decrease) in retirement and severance benefits	7,586	28,803	64
Other	558	654	5
Net cash provided by operating activities	¥ 95,405	¥ 122,075	\$ 802
<i>Cash flows from investing activities:</i>			
Proceeds from sale of short-term investments	17,830	88,484	150
Purchase of short-term investments	(14,491)	(62,791)	(122)
Proceeds from disposition of investments and advances	35,324	29,707	297
Increase in investments and advances	(44,041)	(22,842)	(370)
Capital expenditures	(209,713)	(221,722)	(1,763)
Increase in time deposits	108,741	(45,000)	914
Other	(738)	(38,573)	(6)
Net cash used in investing activities	¥ (107,088)	¥ (272,737)	\$ (900)
<i>Cash flows from financing activities:</i>			
Increase (decrease) in short-term borrowings	(35,777)	7,030	(301)
Increase in deposits and advances from customers and employees	(2,228)	7,494	(19)
Proceeds from long-term debt	48,554	197,244	408
Repayments of long-term debt	(88,414)	(185,374)	(743)
Dividends paid	(12,995)	(12,890)	(109)
Dividends paid to minority interests	(6,414)	(6,909)	(54)
Repurchase of common stock	(250)	(237)	(2)
Other	6,300	(2,211)	53
Net cash provided by (used in) financing activities	¥ (91,224)	¥ 4,147	\$ (767)
Effect of exchange rate changes on cash and cash equivalents	(7,411)	758	(62)
Net increase (decrease) in cash and cash equivalents	(110,318)	(145,757)	(927)
Cash and cash equivalents at beginning of period	848,878	1,116,262	7,133
Cash and cash equivalents at end of period *	¥ 738,560	¥ 970,505	\$ 6,206

* Reconciliation of "Cash and cash equivalents" with Balance Sheet "Cash and deposits":

Cash and deposits	¥ 1,148,188	¥ 1,355,505	\$ 9,648
Time deposits (over 3 months)	(409,628)	(385,000)	(3,442)
Cash and cash equivalents at end of period	¥ 738,560	¥ 970,505	\$ 6,206

** See notes to consolidated financial statements on page 8.

Marketable Securities and Investments and Advances *

	Sept. 30, 2001			March 31, 2001		
	Cost	Fair value	Gross unrealized holding gains(losses)	Cost	Fair value	Gross unrealized holding gains(losses)
Current:						
Equity securities	--	--	--	--	--	--
Bonds	¥ 11,491	¥ 11,470	¥ (21)	¥ 8,324	¥ 8,342	¥ 18
Other debt securities	5,156	5,156	--	3,077	3,079	2
Total current securities	<u>16,647</u>	<u>16,626</u>	<u>(21)</u>	<u>11,401</u>	<u>11,421</u>	<u>20</u>
Noncurrent:						
Equity securities	367,100	391,173	24,073	369,972	533,421	163,449
Bonds	89,707	88,214	(1,493)	95,417	94,828	(589)
Other debt securities	74,007	73,453	(554)	77,750	77,222	(528)
Total noncurrent securities	<u>530,814</u>	<u>552,840</u>	<u>22,026</u>	<u>543,139</u>	<u>705,471</u>	<u>162,332</u>
Total	<u>¥ 547,461</u>	<u>¥ 569,466</u>	<u>¥ 22,005</u>	<u>¥ 554,540</u>	<u>¥ 716,892</u>	<u>¥ 162,352</u>

* This statement represents equity securities that have readily determinable fair values and all investments in debt securities in accordance with SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities." Marketable securities of the Company are held as available-for-sale securities.

Please Note:

The following are financial statements on a parent company alone basis (provided in yen only), and should not be confused with the aforementioned consolidated results.

**Matsushita Electric Industrial Co., Ltd.
(Parent Alone)**

Statement of Income **

	<u>Yen (millions)</u>		<u>Percentage 2001/2000</u>
	<u>Six months ended Sept. 30, 2001</u>	<u>Six months ended Sept. 30, 2000</u>	
Net sales	¥ 1,962,674	¥ 2,373,552	83%
Cost of sales	(1,687,381)	(2,025,943)	
Selling, general and administrative expenses	<u>(305,228)</u>	<u>(316,582)</u>	
Operating profit (loss)	<u>(29,935)</u>	<u>31,027</u>	--
Interest income	4,928	6,231	
Dividend income	40,075	32,993	
Other income	16,352	12,288	
Interest expense	(11,642)	(12,059)	
Other expenses	<u>(17,185)</u>	<u>(18,949)</u>	
Recurring profit	<u>2,592</u>	<u>51,532</u>	5%
Non-recurring profit	1,641	3,115	
Non-recurring loss	<u>(16,718)</u>	<u>(1,128)</u>	
Income (loss) before income taxes	<u>(12,484)</u>	<u>53,519</u>	--
Provision for income taxes			
Current	(120)	(32,400)	
Deferred	<u>15,529</u>	<u>18,767</u>	
Net income	<u>¥ 2,925</u>	<u>¥ 39,886</u>	7%
Unappropriated retained earnings at beginning of period	42,891	40,611	
Net income	2,925	39,886	
Unappropriated retained earnings at end of period	45,816	80,498	

(Parentheses indicate expenses or deductions.)

* Net income per common share, <i>basic</i>	Six months ended <u>Sept. 30, 2001</u> 1.41 yen	Six months ended <u>Sept. 30, 2000</u> 19.20 yen
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** See notes to parent-alone financial statements on page 19.

Matsushita Electric Industrial Co., Ltd.
(Parent Alone)
Balance Sheet *
September 30, 2001
With comparative figures for March 31, 2001

<u>Assets</u>	<u>Yen (millions)</u>	
	<u>Sept. 30, 2001</u>	<u>March 31, 2001</u>
Current assets:		
Cash and deposits	¥ 517,223	¥ 665,373
Trade receivables (notest and accounts)	550,384	724,113
Inventories	250,811	220,536
Other current assets	244,168	229,733
Total current assets	<u>1,562,588</u>	<u>1,839,756</u>
Fixed assets:		
Tangible fixed assets	604,384	329,162
Intangibles	28,532	22,887
Investments and advances	2,212,042	2,407,722
Total fixed assets	<u>2,844,959</u>	<u>2,759,772</u>
Total assets	<u>¥ 4,407,548</u>	<u>¥ 4,599,528</u>
 <u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Trade payables (notest and accounts)	¥ 406,336	¥ 593,024
Accrued income taxes	520	5,681
Other current liabilities	962,921	778,883
Total current liabilities	<u>1,369,778</u>	<u>1,377,589</u>
Long-term debt and employee retirement and severance benefits	<u>380,649</u>	<u>505,248</u>
Total liabilities	<u>1,750,428</u>	<u>1,882,838</u>
Shareholders' equity:		
Capital	211,000	210,994
Statutory reserves	346,053	335,387
Retained earnings	2,099,638	2,109,969
Unrealized holding gains of available-for-sale securities	428	60,338
Total shareholders' equity	<u>2,657,120</u>	<u>2,716,690</u>
Total liabilities and shareholders' equity	<u>¥ 4,407,548</u>	<u>¥ 4,599,528</u>

* See notes to parent-alone financial statements on page 19.

Matsushita Electric Industrial Co., Ltd.
(Parent Alone)
Sales Breakdown *

	Yen (billions)		Percentage <u>2001/2000</u>
	Six months ended <u>Sept. 30, 2001</u>	Six months ended <u>Sept. 30, 2000</u>	
<u>AVC Networks</u>			
Video and audio equipment	¥ 256.7	¥ 319.8	80%
Information and communications equipment	<u>668.2</u>	<u>793.2</u>	84%
Subtotal	<u>925.0</u>	<u>1,113.0</u>	83%
<u>Home Appliances</u>	<u>339.3</u>	<u>408.2</u>	83%
<u>Industrial Equipment</u>	<u>127.4</u>	<u>191.7</u>	67%
<u>Components and Devices</u>	<u>570.7</u>	<u>660.5</u>	86%
Total	<u>¥ 1,962.6</u>	<u>¥ 2,373.5</u>	83%
Domestic sales	1,320.9	1,568.4	84%
Exports	641.7	805.1	80%

* Amounts less than one-tenth of a billion yen have been omitted. Prior period figures have been restated to correspond to the new segment reclassifications.

Notes to parent-alone financial statements:

1. In accordance with the Regulations concerning Corporate Financial Statements under the Japanese Commercial Code, amounts less than 1 million yen have been omitted in the accompanying parent-alone financial statements. The sum of the subtotals may differ from the actual total.
2. Similarly, in the description on Page 4 regarding parent-alone results, amounts less than one-tenth of a billion yen are truncated.