

**Matsushita Electric Industrial Co., Ltd.**  
**Consolidated Statement of Income \***  
**(Year ended March 31)**

	Yen (millions)		Percentage	U.S. Dollars (millions)
	<u>2003</u>	<u>2002</u>	<u>2003/2002</u>	<u>2003</u>
Net sales	¥ 7,401,714	¥ 7,073,837	105%	\$ 61,681
Cost of sales	(5,323,605)	(5,312,039)		(44,363)
Selling, general and administrative expenses	<u>(1,951,538)</u>	<u>(1,960,796)</u>		<u>(16,263)</u>
Operating profit (loss)	126,571	(198,998)	--	1,055
Other income (deductions):				
Interest income	22,267	34,361		185
Dividend income	4,506	8,219		37
Interest expense	(32,805)	(45,088)		(273)
Restructuring charges **	(12,476)	(164,056)		(104)
Write-down of investment securities	(52,611)	(92,297)		(438)
Other income (loss), net ***	<u>13,464</u>	<u>(79,920)</u>		<u>112</u>
Income (loss) before income taxes	68,916	(537,779)	--	574
Provision for income taxes	(71,276)	53,275		(594)
Minority interests	(5,505)	56,666		(46)
Equity in earnings (losses) of associated companies	<u>(11,588)</u>	<u>59</u>		<u>(96)</u>
Net income (loss)	<u>¥ (19,453)</u>	<u>¥ (427,779)</u>	--	<u>\$ (162)</u>
Net income (loss) per common share, <i>basic</i>	(8.70) yen	(206.09)yen		\$ (0.07)
Net income (loss) per common share, <i>diluted</i>	(8.70) yen	(206.09)yen		\$ (0.07)

(Parentheses indicate expenses, deductions or losses.)

\* \*\* \*\*\* See notes to consolidated financial statements on pages 12-14.

**Consolidated Statement of Surplus \***  
**(Year ended March 31)**

	Yen (millions)		U.S. Dollars (millions)
	<u>2003</u>	<u>2002</u>	<u>2003</u>
Balance at beginning of year	¥ 2,470,356	¥ 2,929,281	\$ 20,586
Net income (loss)	(19,453)	(427,779)	(162)
Cash dividends	(20,798)	(25,990)	(173)
Transfer from (to) legal reserve	1,947	(816)	16
Transfer to capital surplus due to a merger of a subsidiary	--	(4,340)	--
Balance at end of year	<u>¥ 2,432,052</u>	<u>¥ 2,470,356</u>	<u>\$ 20,267</u>

\* See notes to consolidated financial statements on pages 12-14.

**Supplementary Information**  
**(Year ended March 31)**

	Yen (millions)		U.S. Dollars (millions)
	<u>2003</u>	<u>2002</u>	<u>2003</u>
Depreciation (tangible assets):	¥ 283,434	¥ 341,549	\$ 2,362
Capital investment:	¥ 251,470	¥ 320,145	\$ 2,096
R&D expenditures:	¥ 551,019	¥ 566,567	\$ 4,592
Number of employees (Mar. 31)	288,324	291,232	