

Matsushita Electric Industrial Co., Ltd.
Consolidated Statement of Income *
(Three months ended December 31)

	<u>2003</u>	Yen (<u>millions</u>)	<u>2002</u>	Percentage <u>2003/2002</u>	U.S. Dollars (<u>millions</u>) <u>2003</u>
Net sales	¥ 2,031,319		¥ 1,935,015	105%	\$ 18,984
Cost of sales	(1,422,963)		(1,354,570)		(13,299)
Selling, general and administrative expenses	<u>(537,420)</u>		<u>(532,402)</u>		<u>(5,022)</u>
Operating profit	70,936		48,043	148%	663
Other income (deductions):					
Interest income	5,018		5,608		47
Dividend income	1,459		786		13
Income related to the transfer of the substitutional portion of the Employees Pension Funds	39,580		--		370
Interest expense	(6,412)		(7,563)		(60)
Restructuring charges **	(35,919)		(586)		(336)
Write-down of investment securities	(13)		(28)		(0)
Other income (loss), net	<u>8,328</u>		<u>2,731</u>		<u>78</u>
Income before income taxes	82,977		48,991	169%	775
Provision for income taxes	(52,030)		(17,011)		(486)
Minority interests	(6,888)		(3,582)		(64)
Equity in earnings (losses) of associated companies	<u>187</u>		<u>(6,039)</u>		<u>2</u>
Net income	<u>¥ 24,246</u>		<u>¥ 22,359</u>	108%	<u>\$ 227</u>
Net income per common share, <i>basic</i>	10.50 yen		9.26 yen		\$ 0.10
Net income per common share, <i>diluted</i>	10.32 yen		9.12 yen		\$ 0.10

(Parentheses indicate expenses or deductions or losses.)

* ** See notes to consolidated financial statements on pages 7-8.

Supplementary Information
(Three months ended December 31)

	<u>2003</u>	Yen (<u>millions</u>)	<u>2002</u>	U.S. Dollars (<u>millions</u>) <u>2003</u>
Depreciation (tangible assets):	¥ 60,669		¥ 68,254	\$ 567
Capital investment:	¥ 58,723		¥ 56,518	\$ 549
R&D expenditures:	¥ 140,555		¥ 137,173	\$ 1,314
Number of employees (Dec. 31)	294,614		289,655	