

October 28, 2003

FOR IMMEDIATE RELEASE

Media Contact: Akira Kadota
International PR, Tokyo
(Tel: 03-3578-1237, Fax: 03-5472-7608)

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 = 111 yen.)

MATSUSHITA REPORTS SECOND QUARTER AND FIRST HALF RESULTS

- Cost reductions, V-products spur earnings gains -

Matsushita Electric Industrial Co., Ltd. (NYSE and PCX symbol: MC) today reported its consolidated financial results for the second quarter and first half, and non-consolidated (parent company alone) results for the first half, ended September 30, 2003, of the current fiscal year ending March 31, 2004 (fiscal 2004).

Consolidated Second-quarter Results¹

Consolidated group sales for the second quarter increased 3% to 1,876.1 billion yen (U.S.\$16.90 billion), from 1,827.6 billion yen in the same three-month period a year ago. Of the total, domestic sales increased 1% to 851.2 billion yen (\$7.67 billion). Overseas sales also improved, up 4% to 1,024.9 billion yen (\$9.23 billion). Excluding the effects of currency translation, overseas sales increased 3% from a year ago on a local currency basis².

During the second quarter, the domestic economy in Japan saw modest recoveries in both exports and capital investment by corporations. The domestic economy as a whole, however, continued a trend of instability due to such factors as sluggish sales of seasonal products, a result of an unusually cool summer, and a stronger Japanese yen. Overseas, economies in China and other Asian countries showed steady progress overcoming the effects of the SARS outbreak. Meanwhile, the economic climate in the United States also showed signs of improvement.

- more -

As previously announced, Matsushita has designated this year as the year it would “re-declare” its founding, or in other words return to the basic management principles upon which the company was founded. In line with this policy, Matsushita shifted its management focus from “deconstruction” to “creation” under a new autonomous business domain-based organizational structure that can quickly respond to customer needs.

Specific initiatives included the continued introduction of “V-products” to capture a leading share in high-volume markets, and simultaneous global introductions of strategic products by combining the efforts of business domain companies and domestic and overseas marketing divisions. Furthermore, as part of a global strategy to enhance brand value, Matsushita designated the “Panasonic” brand as a globally unified brand for overseas markets under the slogan “Panasonic ideas for life.” The company also implemented a new management system that evaluates the performance of each business domain company based on Capital Cost Management (CCM) and cash flows, both on a global consolidated basis, aimed at enhancing management efficiency.

The growth of the company’s consolidated sales for the second quarter reflected the positive results of the initiatives mentioned above, especially the success of V-products, led by digital audiovisual (AV) products, cellular phones and factory automation (FA) equipment, although sales declined in summer seasonal products, such as air conditioners, due to unfavorable weather in Japan.

Regarding earnings, despite intense global competition, operating profit³ for the second quarter increased sharply, benefiting mainly from the success of V-products and the positive effects of various cost reduction initiatives. As a result, operating profit increased to 59.6 billion yen (\$537 million), up 74% compared with 34.3 billion yen in the same three-month period a year ago. However, due mainly to losses on the valuation of investment securities of associated companies, income before income taxes decreased 16% to 32.1 billion yen (\$289 million), from 38.3 billion yen in last year’s second quarter. Net income for the quarter totaled 20.4 billion yen (\$184 million), up 45% from 14.1 billion yen in the comparable year-earlier period.

This resulted in a net income per common share of 8.68 yen (\$0.08) on a diluted basis in the second quarter, versus a net income per common share of 6.75 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 ended September 30, 2003 increased 1% to 3,639.7 billion yen (\$32.79 billion), compared with 3,621.0 billion yen in the same six-month period a year ago. Domestic sales also increased 1% to 1,676.3 billion yen (\$15.10 billion), while overseas sales were mostly unchanged at 1,963.4 billion yen (\$17.69 billion). Overseas sales on a local currency basis as well were nearly equal to last year's total for the same six-month period.

For reasons similar to those given for second quarter results, the company's operating profit for the first fiscal half increased 59% to 79.6 billion yen (\$717 million), from 50.0 billion yen in the comparable period a year ago.

Income before income taxes for the six-month period also climbed 3% to 57.3 billion yen (\$516 million), compared with 55.6 billion yen a year ago. Net income was also up, increasing 32% to 23.1 billion yen (\$209 million), as compared with a net income of 17.6 billion yen in the first half of the previous year. This resulted in a net income per common share of 9.83 yen (\$0.09) on a diluted basis, versus a net income per common share of 8.42 yen in the first half of the previous year.

1. During the fiscal year ended March 31, 2003, Matsushita began consolidating certain previously unconsolidated subsidiaries of Victor Company of Japan, Ltd. (JVC). Accordingly, consolidated results for the second quarter and first fiscal half ended September 30, 2002 have been restated.
2. Regarding results on a local currency basis, see Note 3 of Notes to consolidated financial statements on page 16.
3. For information about operating profit, see Note 2 of Notes to consolidated financial statements on page 16.

Consolidated First-half Sales Breakdown by Product Category

As previously announced, Matsushita launched a new business domain-based organizational structure in January 2003, followed in April by the introduction of a new groupwide management system. Accordingly, the company has reclassified its previous four business segments (AVC Networks, Home Appliances, Industrial

Equipment, and Components and Devices) into five new segments, effective April 1, 2003. The five new segments are: AVC Networks, Home Appliances, Components and Devices, JVC, and Other.

The company's first-half consolidated sales by reclassified product category, as compared with restated prior year amounts, are summarized as follows:

AVC Networks

AVC Networks sales increased 2% to 1,726.5 billion yen (\$15.55 billion), compared with 1,693.7 billion yen in the same six-month period a year ago. Within this segment, sales of video and audio equipment decreased 2% from the first half of the previous year. Strong sales were recorded in such digital AV products as flat-panel TVs and DVD recorders, but sales declined in VCRs, CRT TVs and audio equipment.

Sales of information and communications equipment grew 4% from the year-earlier six-month period. Solid sales of automotive electronics and cellular phones in overseas markets were more than sufficient to offset setbacks in hard disk drives.

Home Appliances

Sales of Home Appliances were down 2% to 586.2 billion yen (\$5.28 billion), compared with 598.3 billion yen in the previous year's first half. Although washing machines and microwave ovens recorded sales gains, sales of compressors declined from last year's first half. In addition, sales of air conditioners and other seasonal products in the domestic market were negatively affected by a cool summer, resulting in lower sales overall.

Components and Devices

Sales of Components and Devices decreased 3% to 562.7 billion yen (\$5.07 billion), compared with 580.0 billion yen in the first half of the previous year. Sales of semiconductors and liquid crystal displays increased from the same period a year ago, but sales declines in general components and electronic tubes resulted in overall lower sales.

JVC

Sales for JVC (Victor Company of Japan and its subsidiaries) totaled 403.7 billion yen (\$3.64 billion), down 5% from 425.3 billion yen in last year's first half. This decline

was mainly attributable sluggish sales of conventional AV equipment in Japan and the Americas, despite solid sales of business-use equipment.

Other

Sales for Other increased 11% to 360.6 billion yen (\$3.25 billion), from 323.7 billion yen in the same six-month period a year ago. Strong sales of FA equipment was the main reason for the sharp increase.

Consolidated Financial Condition

On a consolidated basis, total assets as of September 30, 2003 were 7,749.0 billion yen, a decrease of 85.6 billion yen from March 31, 2003. Despite increases in inventories due to seasonal factors, the company implemented various initiatives to reduce assets, including fixed assets. Compared to September 30, 2002, the company succeeded in reducing inventories by 69.7 billion yen.

Non-Consolidated (Parent Company Alone) First Half Results

First-half parent-alone sales decreased 8% to 1,958.9 billion yen, from 2,118.6 billion yen in the same six-month period a year ago. This was mainly attributable to the exclusion from parent company sales results of certain businesses that were transferred to subsidiaries as part of the company's groupwide organizational restructuring implemented in January 2003.

Regarding parent-alone earnings, while the company was successful in implementing various cost reduction initiatives, the aforementioned decrease in sales resulted in a decline in parent-alone operating profit to 15.4 billion yen, down 9% from 16.8 billion yen a year ago. However, recurring profit increased 11% to 53.7 billion yen, from 48.4 billion yen in the previous first half, mainly a result of an increase in dividend income. Parent-alone net income also increased, up 1% to 45.9 billion yen, from 45.6 billion yen in the first half of last year.

Interim Dividend

The Board of Directors of the company voted today to distribute an interim cash dividend of 6.25 yen per common share, payable November 28, 2003, to parent-company shareholders of record on September 30, 2003. This dividend rate is unchanged from the interim dividend of last year.

Commemorative Dividend

The Board of Directors of the company also voted today in favor of a plan to propose a commemorative cash dividend for approval at the company's annual meeting of shareholders to be held in June 2004. The commemorative dividend is to be added to the ordinary year-end cash dividend for the current fiscal year ending March 31, 2004, which falls on the 85th anniversary of the company's founding. The commemorative dividend is being proposed in appreciation of shareholder support of the company over many years. The amount of the proposed year-end cash dividend will be 7.75 yen per common share, consisting of an ordinary dividend of 6.25 yen, plus a 1.50 yen commemorative dividend. If implemented, total dividends for fiscal 2004, including the aforementioned interim dividend of 6.25 yen per common share, will be 14.00 yen per common share, as compared with 12.50 yen for fiscal 2003.

Outlook for the Full Fiscal Year 2004

Regarding the business environment for fiscal 2004, while economies in Japan and the United States are showing signs of moderate recovery, factors such as a strong Japanese yen and price declines contribute to lingering uncertainty. Within this environment, the company will work to enhance profitability and increase cash flows by continuing to introduce attractive products to the market, including V-products, as well as further promoting autonomous management at each business domain company.

For fiscal 2004, Matsushita maintained its forecast made on April 28, 2003. At that time the company forecasted fiscal 2004 sales on a consolidated basis to increase by about 1%, compared to fiscal 2003, to approximately 7,450 billion yen. The forecast for operating profit⁴ is also unchanged, expected to increase by about 18% from fiscal 2003 to approximately 150 billion yen, with consolidated income before income taxes anticipated to rise to approximately 120 billion yen, up 74% from fiscal 2003. The forecast for income before income taxes includes estimated expenses of approximately 50 billion yen for restructuring charges and non-recurring income of about 20 billion yen from other items. Net income is expected to improve to approximately 30 billion yen, from a net loss of 19 billion yen in the last fiscal year.

On a parent company alone basis, sales in fiscal 2004 are expected to decrease by 8%, compared to fiscal 2003, to approximately 3,900 billion yen. Recurring profit,

however, is projected to increase 21% from fiscal 2003 to approximately 97 billion yen, and net income is forecast to increase 73% from fiscal 2003 to approximately 50 billion yen.

4. For information about operating profit, see Note 2 of Notes to consolidated financial statements on page 16.

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

Disclaimer Regarding Forward-Looking Statements

This press release includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934) about Matsushita and its group companies (the Matsushita Group). To the extent that statements in this press release do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Matsushita Group in light of the information currently available to them, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Matsushita Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Matsushita undertakes no obligation to publicly update any forward-looking statements after the date of this press release. Investors are advised to consult any further disclosures by Matsushita in its subsequent filings with the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

The risks, uncertainties and other factors referred to above 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 realize expected benefits of various restructuring activities in its business and organization; the ability of the Matsushita Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Matsushita Group to maintain competitive strength in many product and geographical areas; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; and fluctuations in market prices of securities and other assets in which the Matsushita Group has holdings; as well as future changes or revisions to accounting policies or accounting rules.

(Financial Tables Attached)