

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

	<u>2004</u>	Yen (millions)	<u>2003</u>	Percentage <u>2004/2003</u>	U.S. Dollars (millions) <u>2004</u>
Net sales	¥ 2,102,027		¥ 1,763,600	119%	\$ 19,463
Cost of sales	(1,466,327)		(1,241,312)		(13,577)
Selling, general and administrative expenses	<u>(592,239)</u>		<u>(502,286)</u>		<u>(5,484)</u>
Operating profit	43,461		20,002	217%	402
Other income (deductions):					
Interest income	4,713		4,684		43
Dividend income	3,579		3,060		33
Gain from the transfer of the substitutional portion of Japanese Welfare Pension Insurance	27,510		--		255
Interest expense	(7,481)		(6,884)		(69)
Restructuring charges **	(3,919)		--		(36)
Other income (loss), net	<u>12,599</u>		<u>4,340</u>		<u>117</u>
Income before income taxes	80,462		25,202	319%	745
Provision for income taxes	(34,611)		(16,299)		(321)
Minority interests	(10,630)		(1,736)		(98)
Equity in earnings (losses) of associated companies	<u>(2,403)</u>		<u>(4,469)</u>		<u>(22)</u>
Net income	<u>¥ 32,818</u>		<u>¥ 2,698</u>	1,216%	<u>\$ 304</u>
Net income, basic					
per common share	14.16 yen		1.15 yen		\$ 0.13
per ADS	14.16 yen		1.15 yen		\$ 0.13
Net income, diluted					
per common share	14.16 yen		1.15 yen		\$ 0.13
per ADS	14.16 yen		1.15 yen		\$ 0.13

(Parentheses indicate expenses, deductions or losses.)

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

**Supplementary Information**  
**(Three months ended June 30)**

	<u>2004</u>	Yen (millions)	<u>2003</u>	U.S. Dollars (millions) <u>2004</u>
Depreciation (tangible assets):	¥ 63,847		¥ 58,357	\$ 591
Capital investment:	¥ 69,429		¥ 52,404	\$ 643
R&D expenditures:	¥ 154,739		¥ 137,223	\$ 1,433
Number of employees (June 30)	344,733		293,383	