

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

	Yen (millions)		Percentage	U.S. Dollars (millions)
	<u>2004</u>	<u>2003</u>	<u>2004/2003</u>	<u>2004</u>
Net sales	¥ 2,216,510	¥ 1,876,088	118%	\$ 19,969
Cost of sales	(1,609,269)	(1,342,784)		(14,498)
Selling, general and administrative expenses	<u>(494,368)</u>	<u>(473,700)</u>		<u>(4,454)</u>
Operating profit	112,873	59,604	189%	1,017
Other income (deductions):				
Interest income	4,405	5,125		40
Dividend income	329	498		3
Gain from the transfer of the substitutional portion of Japanese Welfare Pension Insurance	3,999	--		36
Interest expense	(4,013)	(7,004)		(36)
Restructuring charges **	(44,272)	(869)		(399)
Write-down of investment securities	(1,663)	(48,011)		(15)
Other income (loss), net	<u>(14,847)</u>	<u>22,709</u>		<u>(134)</u>
Income before income taxes	56,811	32,052	177%	512
Provision for income taxes	(26,221)	(6,048)		(236)
Minority interests	(4,716)	(6,480)		(43)
Equity in earnings (losses) of associated companies	<u>(2,513)</u>	<u>924</u>		<u>(23)</u>
Net income	<u>¥ 23,361</u>	<u>¥ 20,448</u>	114%	<u>\$ 210</u>
Net income, basic				
per common share	10.10 yen	8.77 yen		\$0.09
per ADS	10.10 yen	8.77 yen		\$0.09
Net income, diluted				
per common share	10.10 yen	8.68 yen		\$0.09
per ADS	10.10 yen	8.68 yen		\$0.09

(Parentheses indicate expenses, deductions or losses.)

\* \*\* See Notes to consolidated financial statements on pages 17-18.

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

	Yen (millions)		U.S. Dollars (millions)
	<u>2004</u>	<u>2003</u>	<u>2004</u>
Depreciation (tangible assets):	¥ 74,821	¥ 64,161	\$ 674
Capital investment:	¥ 76,214	¥ 69,476	\$ 687
R&D expenditures:	¥ 161,788	¥ 140,432	\$ 1,458
Number of employees (Sept. 30)	339,607	295,546	