

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

	Yen (millions)		Percentage 2006/2005	U.S. Dollars (millions) 2006
	<u>2006</u>	<u>2005</u>		<u>2006</u>
Net sales	¥ 2,252,560	¥ 2,211,052	102%	\$ 19,089
Cost of sales	(1,590,660)	(1,548,264)		(13,480)
Selling, general and administrative expenses	<u>(519,626)</u>	<u>(537,722)</u>		<u>(4,403)</u>
Operating profit	142,274	125,066	114%	1,206
Other income (deductions):				
Interest income	7,742	6,374		66
Dividend income	187	504		2
Interest expense	(5,367)	(6,388)		(46)
Expenses associated with the implementation of early retirement programs **	<u>(3,764)</u>	<u>(20,572)</u>		<u>(32)</u>
Other income (loss), net	<u>16,010</u>	<u>(17,067)</u>		<u>135</u>
Income before income taxes	157,082	87,917	179%	1,331
Provision for income taxes	(61,843)	(49,697)		(524)
Minority interests	(17,393)	2,278		(147)
Equity in earnings (losses) of associated companies	<u>1,447</u>	<u>(9,534)</u>		<u>12</u>
Net income	<u>¥ 79,293</u>	<u>¥ 30,964</u>	256%	<u>\$ 672</u>
Net income, basic				
per common share	36.16 yen	13.94 yen		\$ 0.31
per ADS	36.16 yen	13.94 yen		\$ 0.31
Net income, diluted				
per common share	36.16 yen	13.94 yen		\$ 0.31
per ADS	36.16 yen	13.94 yen		\$ 0.31

(Parentheses indicate expenses, deductions or losses.)

\* \*\* See Notes to consolidated financial statements on pages 16-17.

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

	Yen (millions)		U.S. Dollars (millions) 2006
	<u>2006</u>	<u>2005</u>	<u>2006</u>
Depreciation (tangible assets):	¥ 69,848	¥ 67,468	\$ 592
Capital investment *** :	¥ 137,778	¥ 70,363	\$ 1,168
R&D expenditures:	¥ 146,989	¥ 143,015	\$ 1,246
Number of employees (Sep. 30)	331,557	332,548	

\*\*\* These figures are calculated on an accrual basis.