

Fiscal 2006 Third Quarter Financial Results

February 2, 2006

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Matsushita Electric Industrial Co., Ltd.

- Notes: 1. This is an English translation from the original presentation in Japanese.*
- 2. In this presentation, "fiscal 2006" or "FY 2006" refers to the year ending March 31, 2006.*

Summary

1. Record sales achieved in third quarter on strong domestic and overseas results, despite kerosene fan heater recall in Japan
2. Upward revision of full-year forecast for operating profit to 400 billion yen
3. Balance Sheet improved through reforms carried out since FY2002, including inventories, net cash and unfunded portion of employee pension

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 - 1) Summary of financial results
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 - 3) Current status of major digital AV products
 - 4) Pre-tax income analysis
2. Forecast for full fiscal year 2006 financial results
3. Results of balance sheet reforms undertaken since FY2002

Fiscal 2006 Third Quarter Consolidated Results

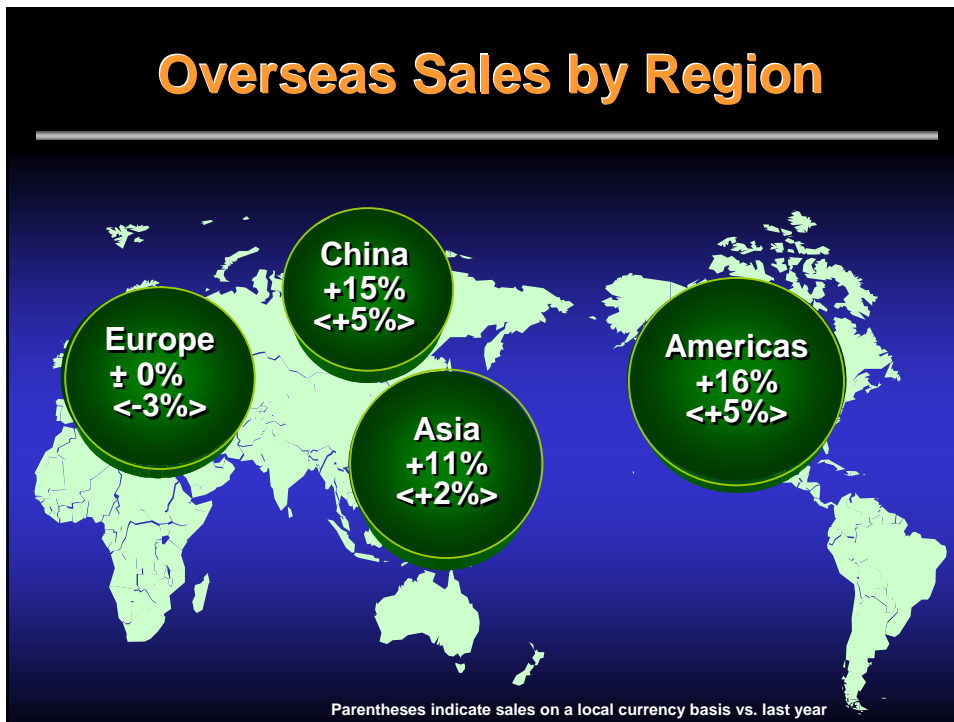
(yen: billions)

	FY2006 Third Quarter	FY2005 Third Quarter	vs. FY05
Sales	2,398.4	2,296.5	+4%
Domestic	1,181.6	1,189.0	-1%
Overseas	1,216.8	1,107.5	+10%
Operating profit	129.4	88.3	+47%
Pre-tax income	126.1	83.1	+52%
Net income	49.3	35.6	+39%

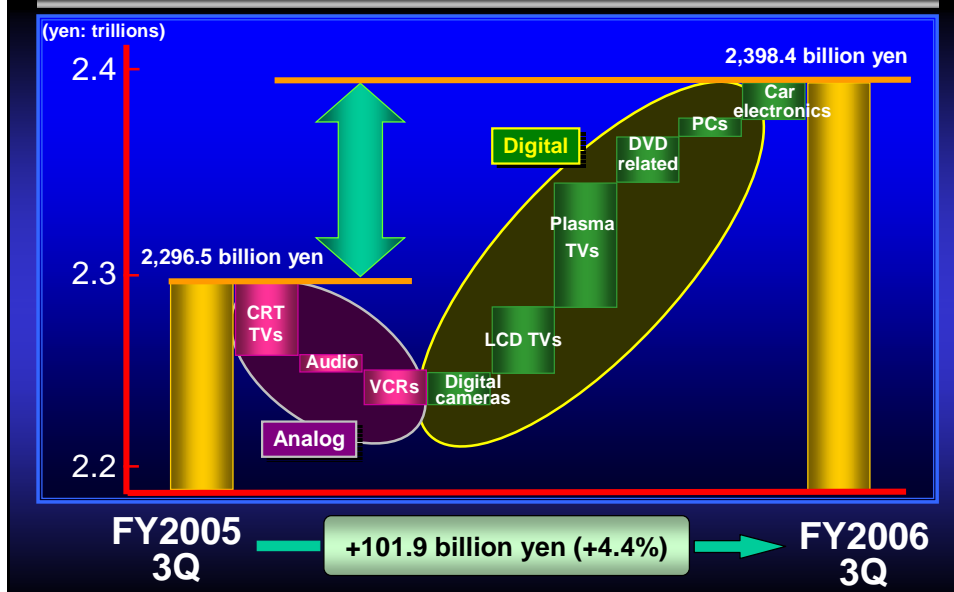
Sales of Domestic Consumer Products



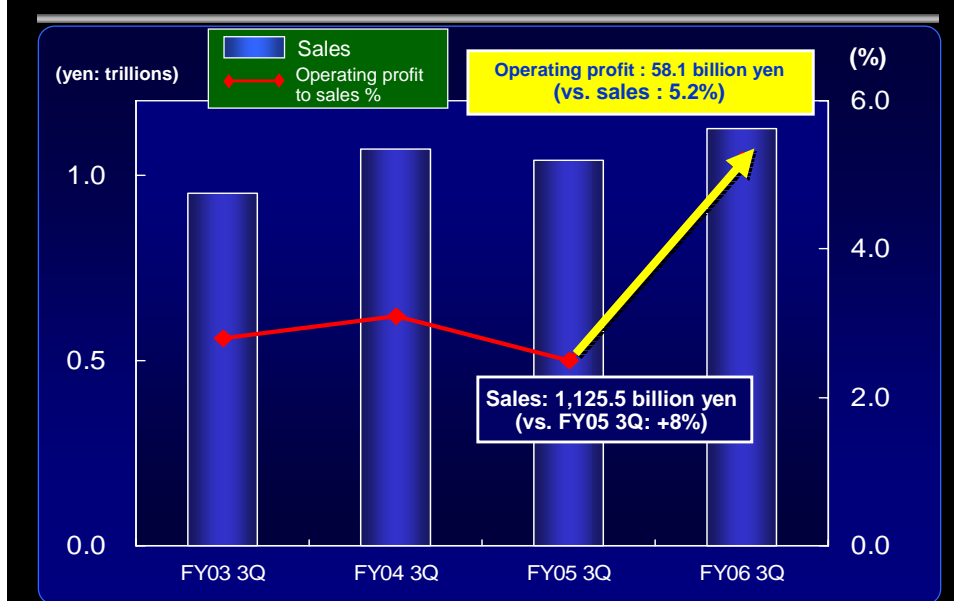
Overseas Sales by Region



Sales Analysis by Product



AVC Networks



Results of Major Domain Companies

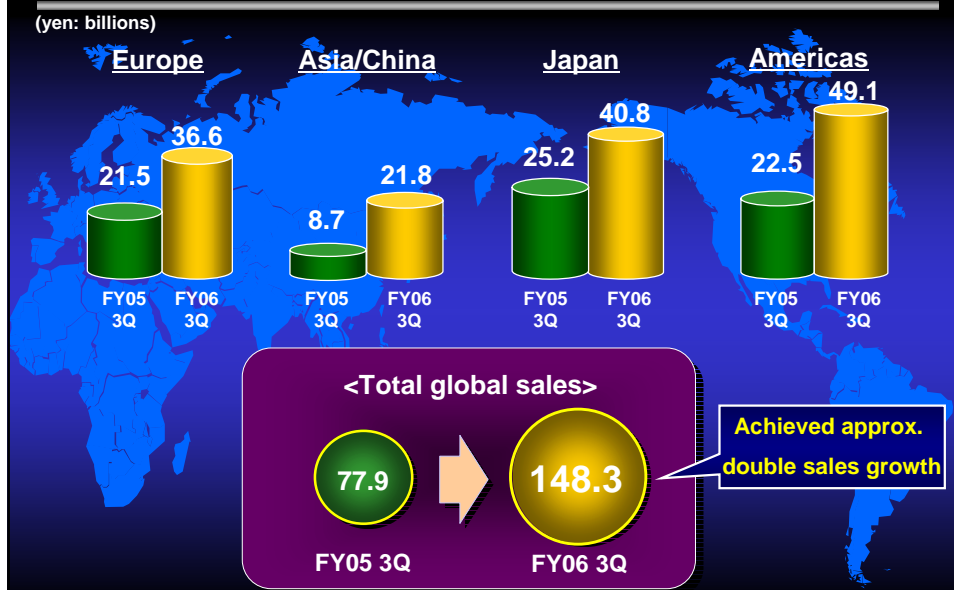
(yen: billions)

	PAVC*		PCC**		PMC**	
	FY06 3Q	vs. FY05 3Q	FY06 3Q	vs. FY05 3Q	FY06 3Q	vs. FY05 3Q
Sales	452.9	+22%	123.1	+6%	131.7	+6%
Operating profit	22.9	+118%	6.1	+22%	-2.3	-
Operating profit/sales	5.1%	+2.3%	5.0%	+0.7%	-1.7%	+3.4%
Capital investment	47.8	+36.4	2.1	+0.6	1.1	+0.2

* PAVC results do not include sales, profit, etc. of domestic and overseas sales divisions.

** Results for PCC and PMC do not include sales, profit, etc. of certain overseas sales divisions.

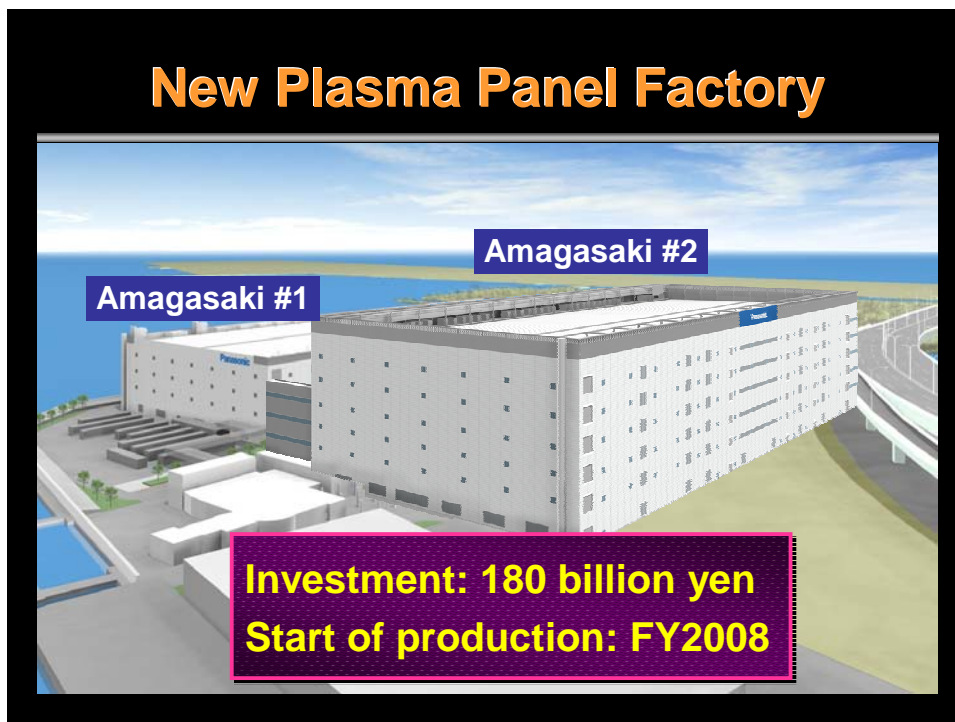
Sales of Plasma TVs



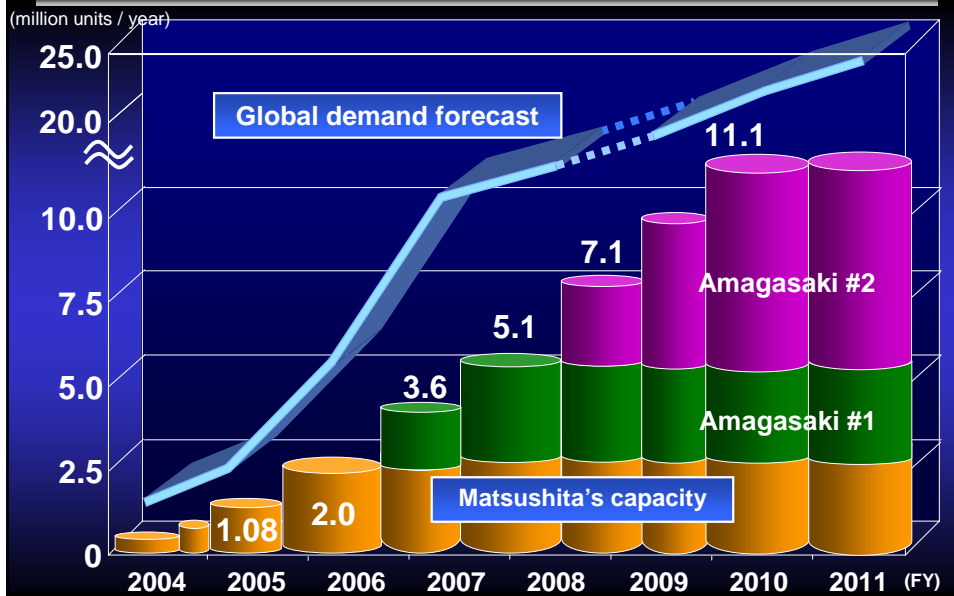
CE Show in Las Vegas



New Plasma Panel Factory



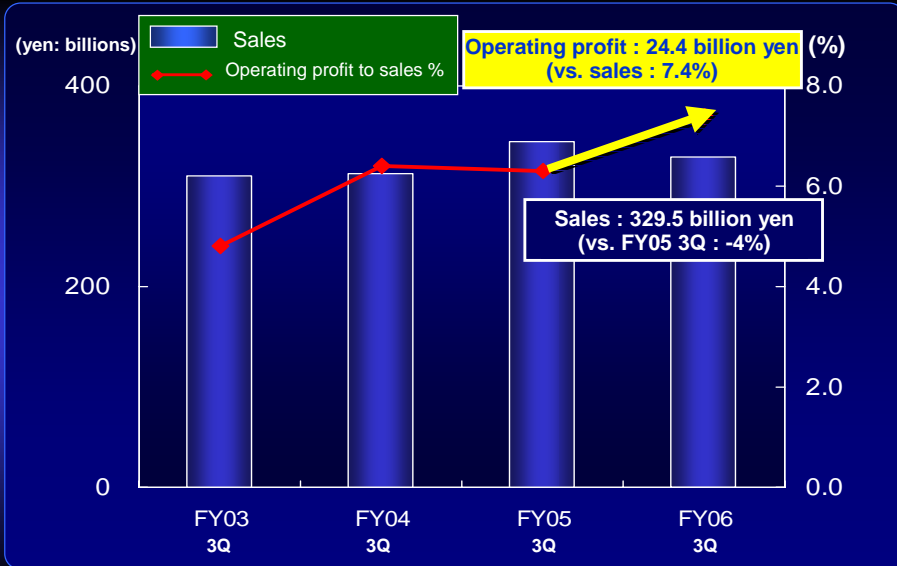
Expansion of Plasma Panel Production Capacity



LUMIX FX9 Domestic Market Share by Model



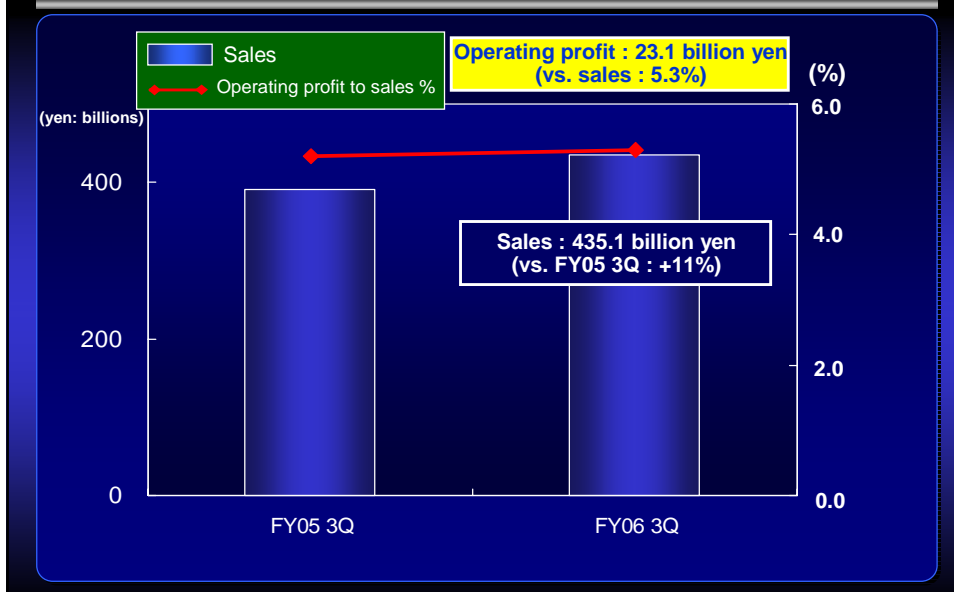
Home Appliances



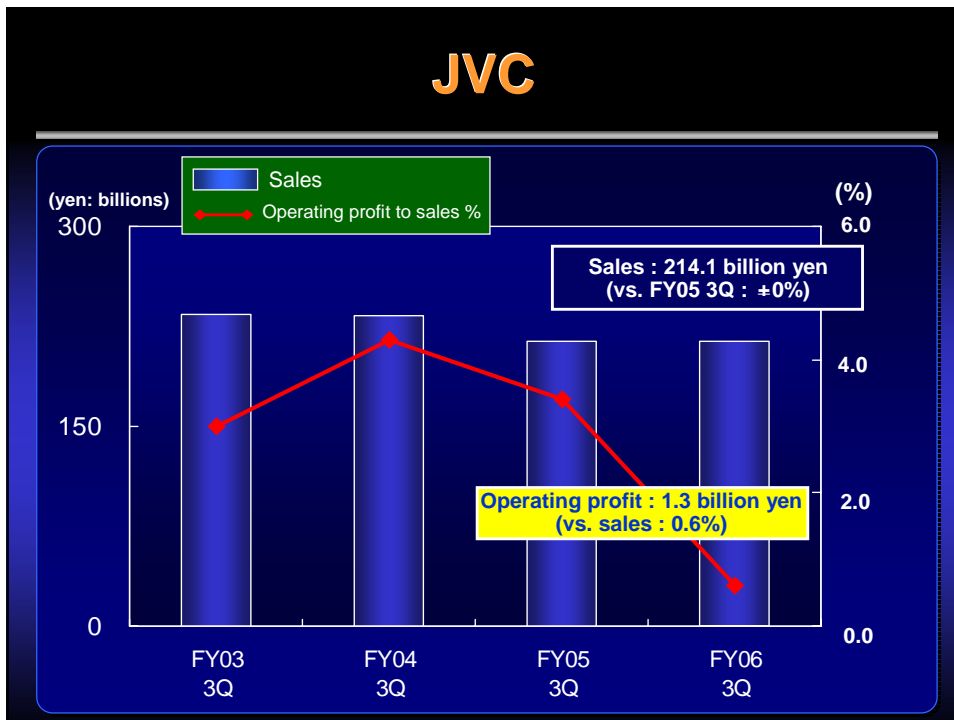
Components and Devices



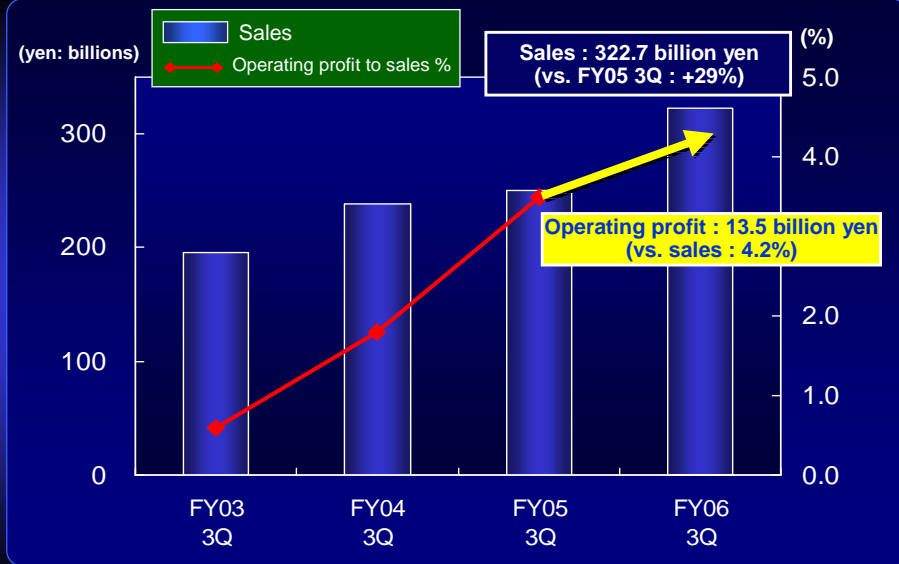
MEW and PanaHome



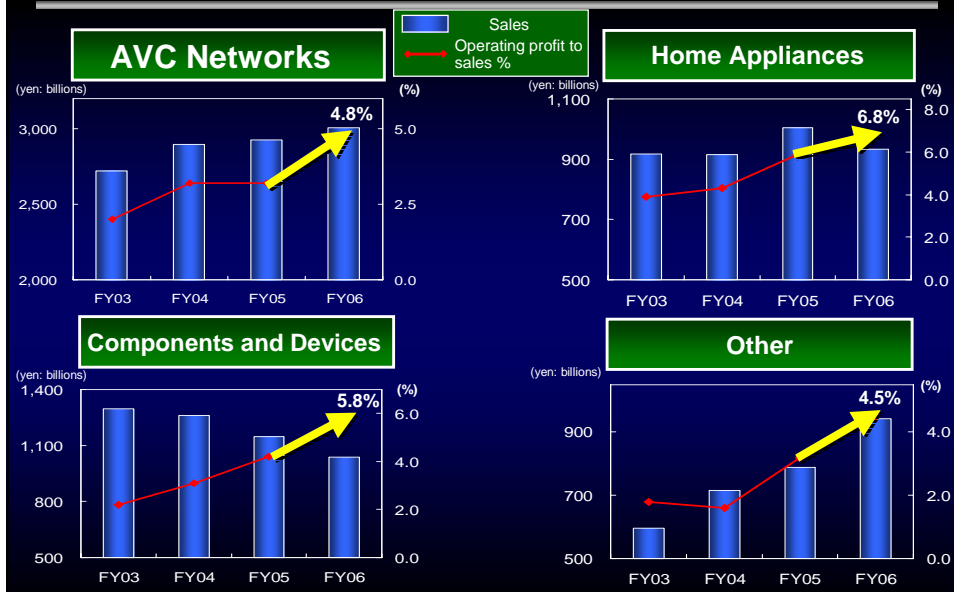
JVC



Other



Nine-month Results



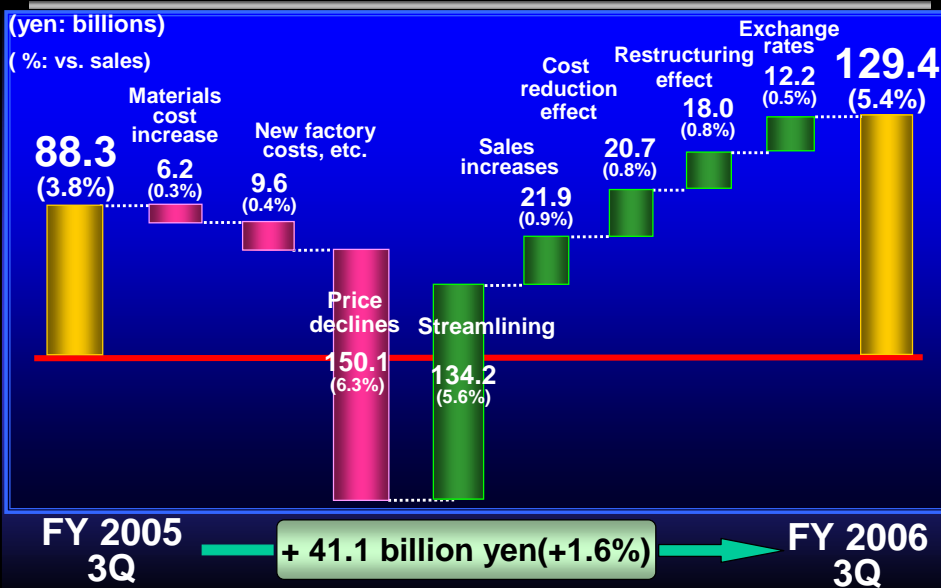
Operating Profit Trends

(vs. FY2005 3Q)

↗ increase ↘ decrease

AVC Networks	↗	Plasma TVs, digital cameras, car electronics, PCs
	↘	VCRs, CRT TVs
Home Appliances	↗	Air conditioners, microwave ovens, washing machines
	↘	Vacuum cleaners
Components and Devices	↗	Semiconductors, general components, batteries
	↘	-
MEW and PanaHome	↗	Elec. construction materials, control equipment, elec. materials
	↘	PanaHome
JVC	↗	-
	↘	DVD recorders, LCD TVs
Other	↗	Factory automation equipment
	↘	-

Operating Profit Analysis (vs. FY 2005 3Q)



Pre-tax and Net Income Analysis

(yen: billions)

	FY06 3Q	vs. FY05 3Q
Operating profit	129.4	+41.1
Non-operating profit	-3.3	+1.9
Financial income (net)	3.4	+2.3
Early retirement	-8.0	+4.2
Other	1.3	-4.6
Pre-tax income	126.1	+43.0
Provision for income taxes	-54.1	-18.4
Minority interests	-7.1	+3.0
Equity in associated companies	-15.6	-13.9
Net income	49.3	+13.7

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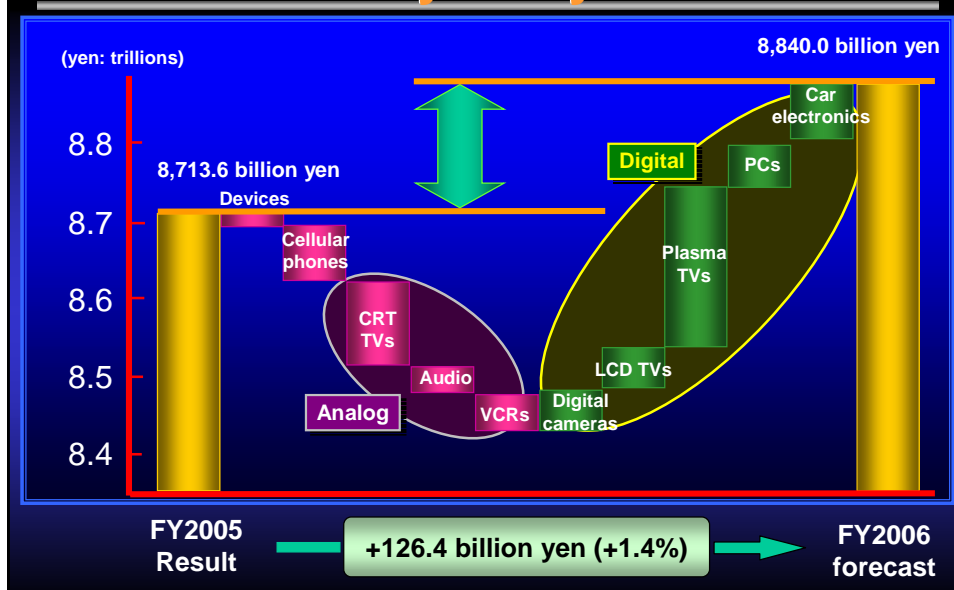
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Fiscal 2006 Full-year Forecast

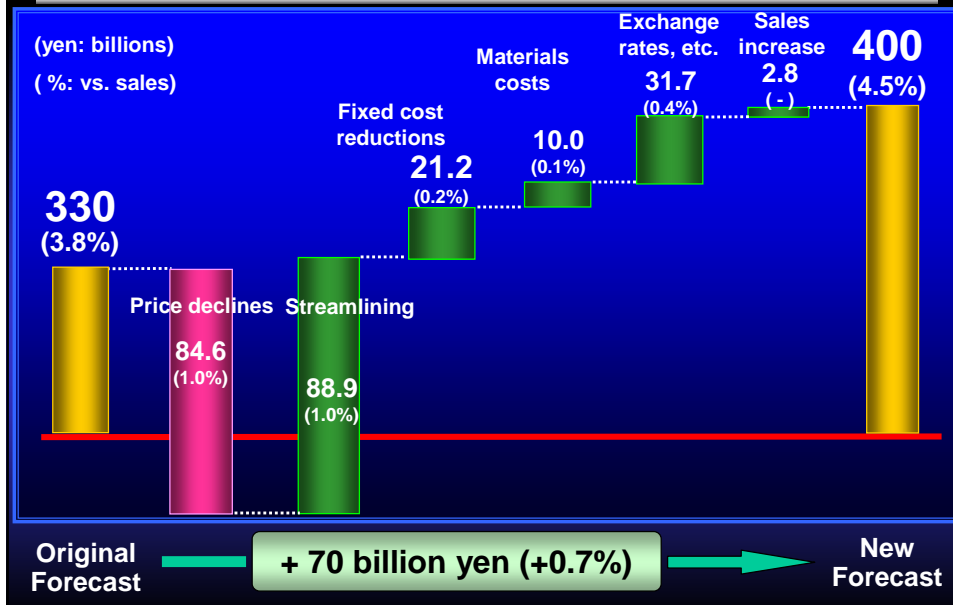
(yen: billions)

	FY2006 Revised forecast	FY2006 Original forecast	Change
Sales	8,840	8,720	+120
Domestic	4,600	4,600	-
Overseas	4,240	4,120	+120
Operating profit	400	330	+70
Pre-tax income	300	290	+10
Net income	130	110	+20

Fiscal 2006 Sales Analysis by Product



FY2006 Operating Profit Analysis (vs. original forecast)



Forecast for Restructuring Expenses

(yen: billions)

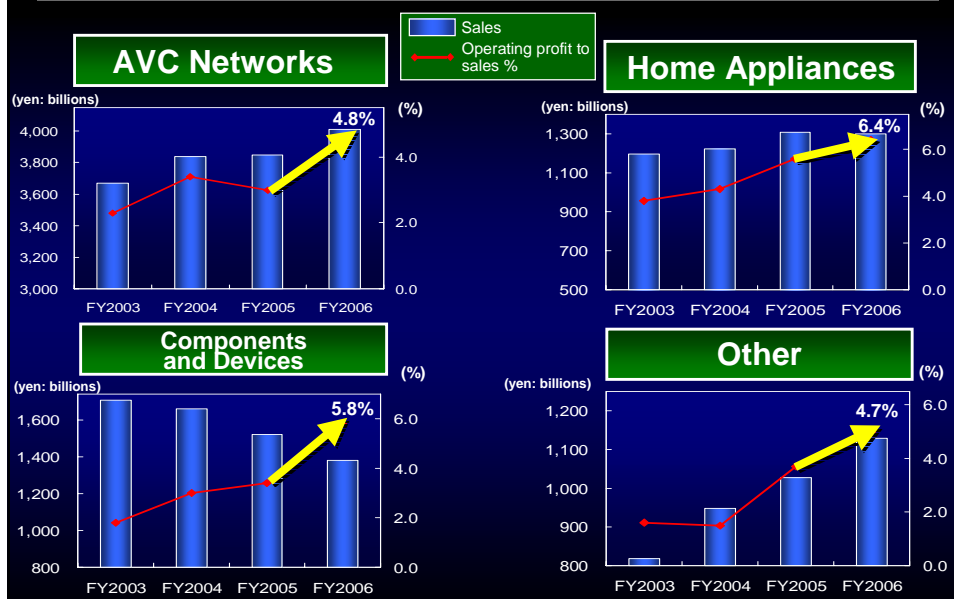
	Details	FY2006 Expenses
AVC Networks Home Appliances	Overseas cellular phones, Overseas CRTs, etc.	26
Components and Devices	Semiconductors, etc.	23
Other	JVC, MEW, PanaHome, etc.	16
Total		Approx. 65

Expenses Related to Kerosene Fan Heater Recall in Japan

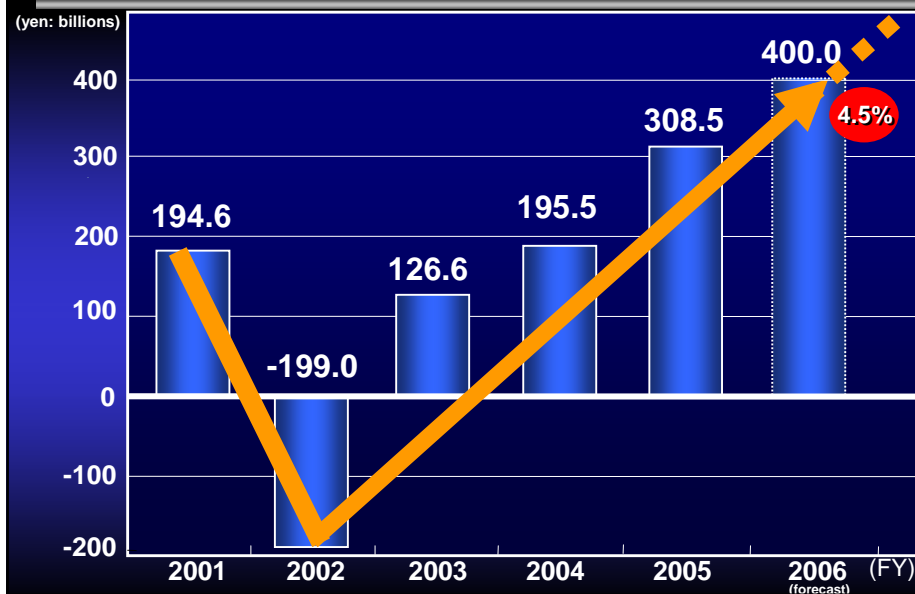
(yen: billions)

	Details	FY2006 Expenses (forecast)
Recall notices, etc.	-TV commercials -Newspaper, radio notices -Letters of notice, etc.	13
Repurchases, repairs, etc.	-Repurchase of defective units -Free repairs, etc.	6
Personnel	-Employees dispatched to approx. 60,000 store locations in Japan	5
Total		Approx. 24

FY2006 Forecast by Segment



Operating Profit Trend



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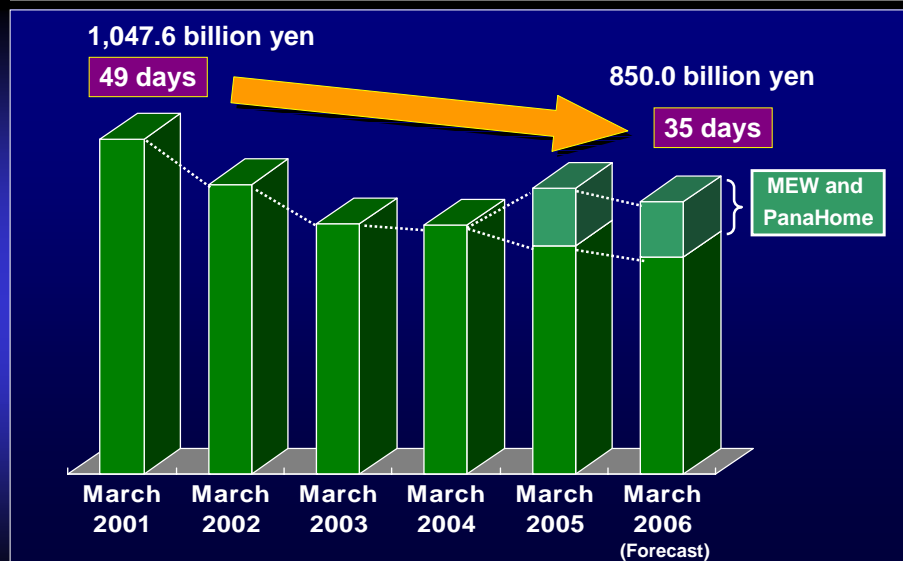
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Reduction of Total Assets

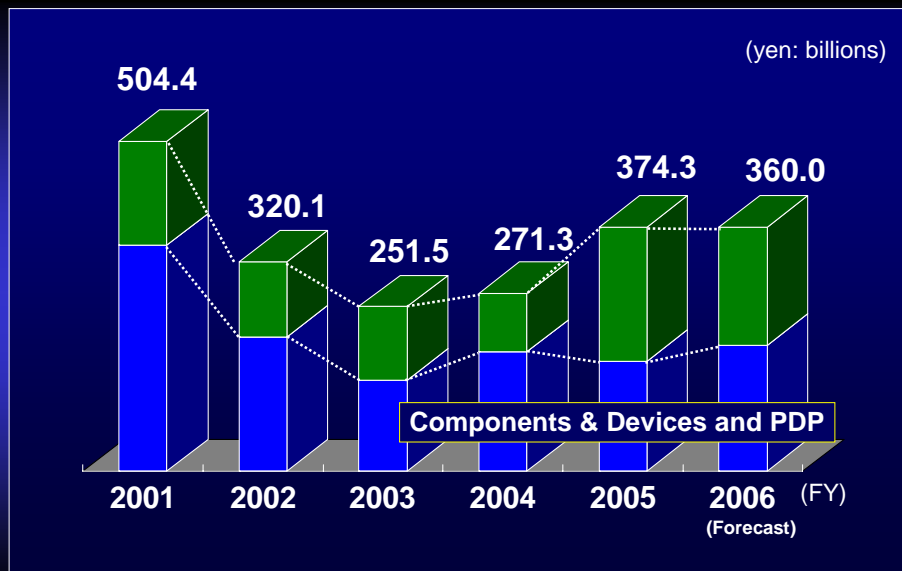
-Improvement in balance sheet items due to reforms undertaken since FY2002-

1. Inventory, capital investment, net cash
2. The selection and concentration of management resources
 - a. Sale of Matsushita Leasing & Credit
 - b. Divestment of Universal shares
 - c. Sale of unnecessary assets
3. Resolution of unfunded portion of employees pension

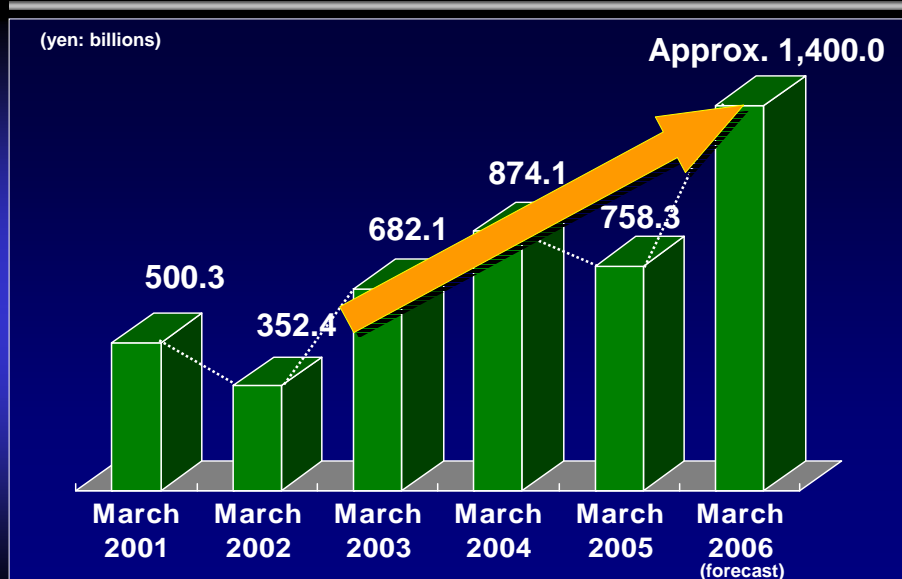
Inventory Reduction



Capital Investment



Net Cash



Universal-related Investment

Matsushita achieved its original goals in its investment in Universal. These goals included strengthening relationships with the movie and music industries, establishing recordable media format standards, and developing copyright protection technologies.

1990	Matsushita acquires 100% share of MCA
1995	Matsushita sells 80% share of MCA to Seagram
1997-1998	Matsushita's share decreases from 20% to 7.66% as a result of increase in capital of the holding company.
2000	Vivendi acquires Seagram, and establishes Vivendi Universal (VU).
2004	NBC Universal established through merger of GE's broadcasting division and the movie/theme park business of VU.
February 2006	Matsushita sells remaining interest in Universal to VU

Divestment of Universal Shares

Media Industry Evolution

Online content distribution increases with the merging of communications and broadcasting technologies. As a result, distribution methods are no longer limited by time and location constraints.



No benefit in capital relationship with one specific content provider



Shift in priority to neutral/equal relationships with content providers



In order to maintain access to the widest variety of content, Matsushita decided to end capital relationships with specific content providers, and strategically reallocate management resources

Reduction of Total Assets

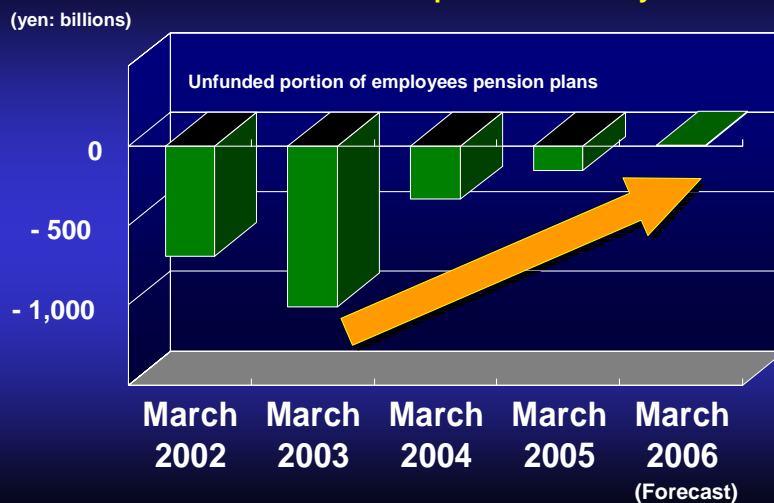
1.2 trillion yen reduction (Mar. 2001-Mar. 2006)



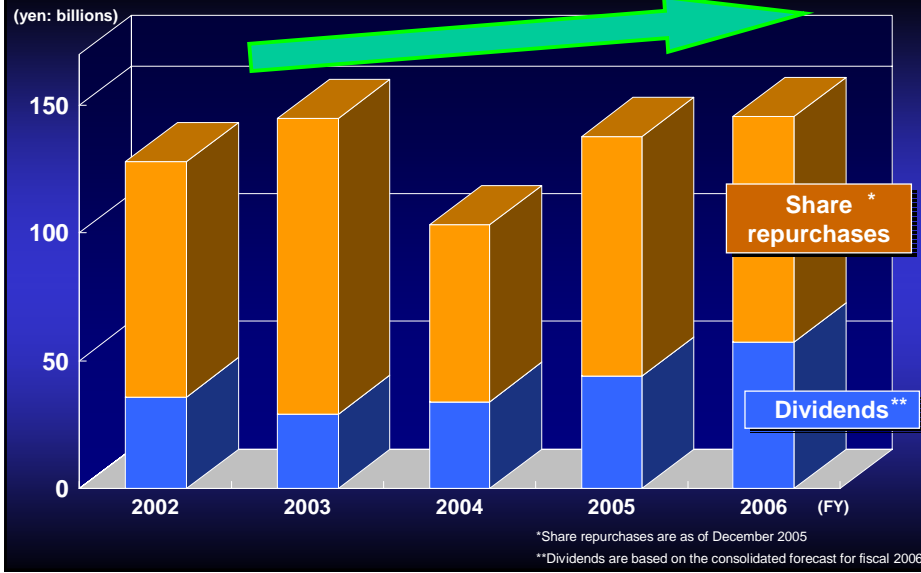
Employee Pension Liabilities

March 2003 approx. 1 trillion yen unfunded

➡ March 2006 expected to be fully funded



Return to Shareholders



Panasonic
ideas for life

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