

# Fiscal 2007 Financial Results Fiscal 2008 Forecast

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- Notes: 1. This is an English translation from the original presentation in Japanese.*
- 2. In this presentation, "fiscal 2007" or "FY 2007" refers to the year ended March 31, 2007.*

- This presentation contains consolidated financial results for the full fiscal year 2007, ended March 31, 2007, the current forecast for fiscal 2008 and the shareholder-oriented management.

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1. Fiscal 2007 Financial Results
  - 1) Outline of financial results
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- First, the financial results for fiscal 2007.

# FY07 Fourth Quarter Consolidated Results

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(yen: billions)

	FY07 Fourth Quarter	FY06 Fourth Quarter	vs. FY06
Sales	<b>2,281.8</b>	2,236.7	+2%
Domestic	<b>1,221.9</b>	1,256.1	-3%
Overseas	<b>1,059.9</b>	980.6	+8%
Operating profit	<b>116.3</b>	113.8	+2%
Pre-tax income	<b>62.3</b>	91.1	-32%
Net income	<b>23.4</b>	40.7	-43%

- Consolidated group sales for the fourth quarter increased by 2% to 2,281.8 billion yen compared to the same period last year. This level hit the record-high as a fourth quarter.
- Continued strong sales of products such as flat-panel TVs and digital cameras contributed to the overall increase in sales.
- Operating profit for the fourth quarter totaled 116.3 billion yen, an increase of 2% on the same period a year ago. However, pre-tax income and net income decreased, since gains on the sale of investments were recorded in the same period a year ago.

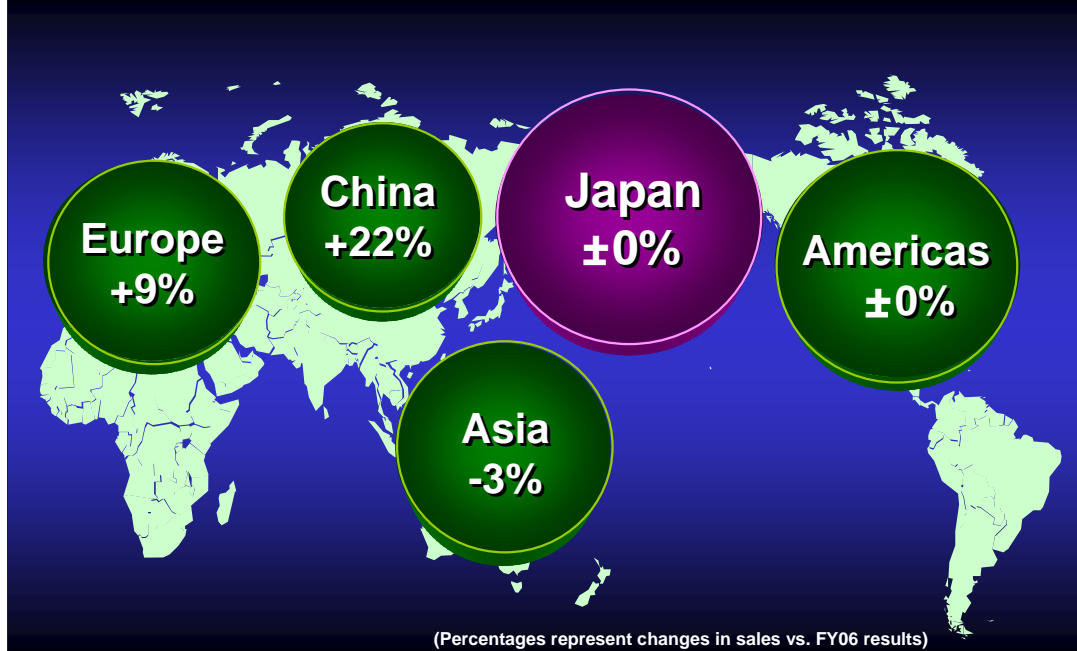
## FY07 Consolidated Results

(yen: billions)

	FY07		FY06	
		vs. FY06		vs. FY05
Sales	<b>9,108.2</b>	<b>+2%</b>	<b>8,894.3</b>	<b>+2%</b>
Domestic	<b>4,616.5</b>	<b>±0%</b>	<b>4,611.4</b>	<b>+1%</b>
Overseas	<b>4,491.7</b>	<b>+5%</b>	<b>4,282.9</b>	<b>+4%</b>
Operating profit	<b>459.5</b>	<b>+11%</b>	<b>414.3</b>	<b>+34%</b>
Pre-tax income	<b>439.1</b>	<b>+18%</b>	<b>371.3</b>	<b>+50%</b>
Net income	<b>217.2</b>	<b>+41%</b>	<b>154.4</b>	<b>+164%</b>

- In the final year of the mid-term plan Leap Ahead 21, Matsushita achieved increases in both sales and profit for fiscal 2007, compared with the previous year. In particular, sales hit a record-high.
- Operating profit for fiscal 2007 exceeded 450 billion yen, the first time in 16 years, achieving an operating profit to sales ratio of 5.0% as the Company promised.
- Pre-tax income and net income increased by approximately 20% and 40% respectively, compared with the same period last year, both showing a significant improvement.

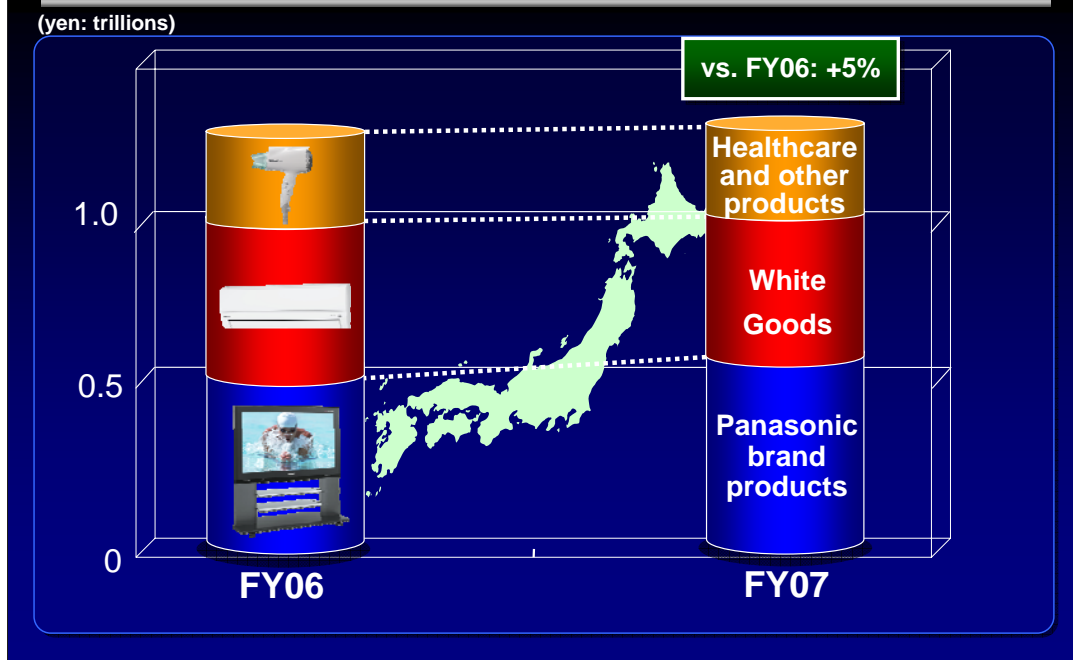
## FY07 Sales by Region



- Overseas sales by region are as shown here.
- Strong sales in digital AV products continuously contributed to overall sales growth in both domestic and overseas markets. Sales in China also grew by 22% from the previous year due mainly to strong sales in white goods and devices. In Europe, strong sales were recorded, particularly in France and Germany, contributing to close to double-digit sales growth.
- Meanwhile, sales in Asia were lower than a year ago due mainly to the negative effects of downsizing the mobile phone business and lower sales in devices.

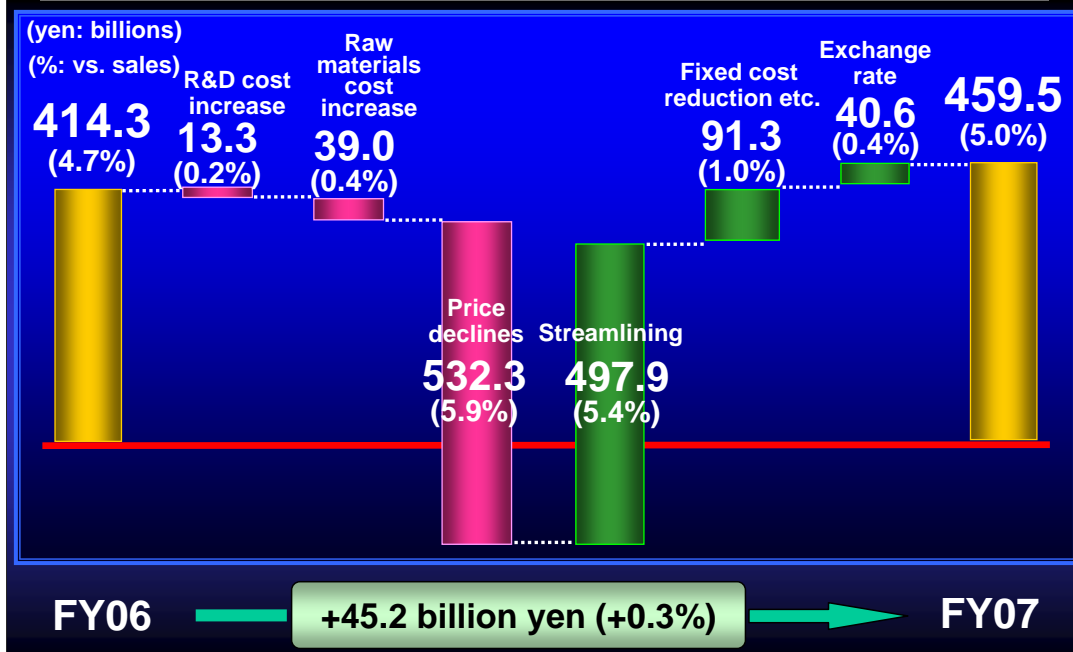
# Sales of Domestic Consumer Products

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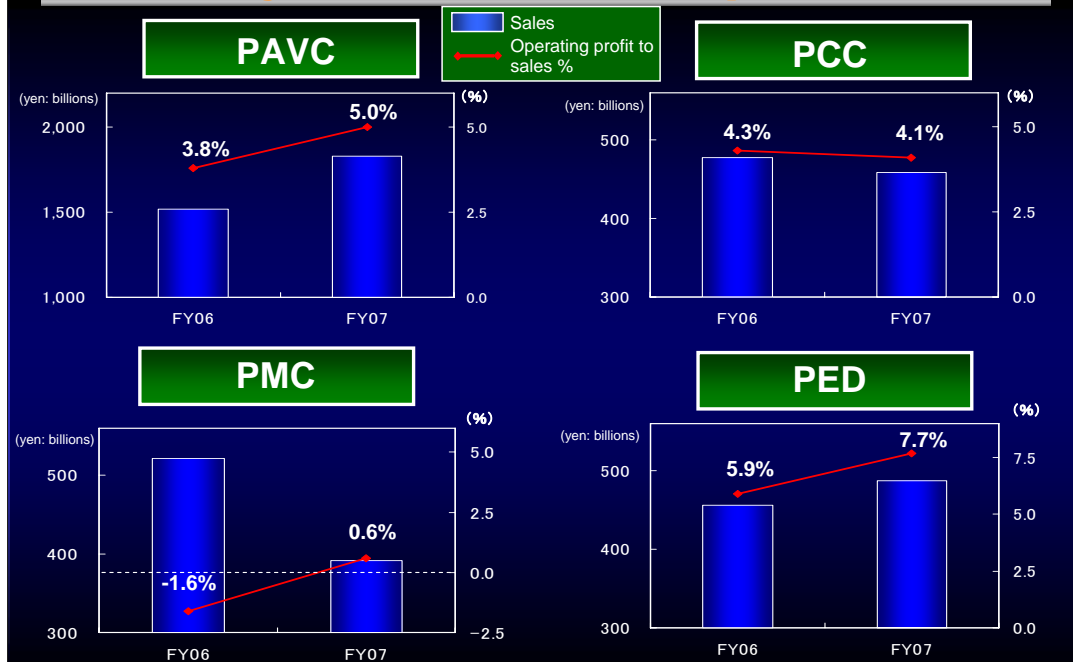
- Consumer products in both Panasonic and National brand distributed through retail sales channels showed steady increases in Japan.
- Matsushita secured the top domestic market share of approximately 70% in plasma TVs. Moreover, the Company's sales of 42-inch or larger models doubled from a year ago, keeping well ahead of the other competitors in large-sized flat-panel TVs.
- In addition, sales at the Company's local retail shops, which account for approximately 50% of its flat-panel TVs, were steady in Japan, achieving a market share of 30% in 37-inch or larger flat-panel TVs.
- White goods with the National brand such as air conditioners equipped with automatic filter cleaning and dust removal functions showed continued favorable sales. Accordingly, the Company's market share in volume terms in air conditioners exceeded 20% for the first time in 17 years, achieving the No.1 market share for two consecutive year.
- Also, in the health care equipment and other products, the market share of almost all products exceeded 50%. The Company continues to introduce unique products to create demand, such as hair dryers with nano-technologies and horseback-riding fitness machines, whose sales volumes increased by about 150% and 260% respectively, compared with last fiscal year.

# FY07 Operating Profit Analysis <sup>7</sup> (vs. FY06)



- Regarding operating profit, Matsushita offset the negative effects such as price declines and increased raw materials costs, through streamlining efforts and reducing fixed cost. The Company recorded an increase in operating profit of 45.2 billion yen compared to the previous year.

## FY07 Results of Major Domain Companies



- Results of four major domain companies are as shown here.
- In particular, PAVC sales increased by around 20% from a year ago, with operating profit up around 60%. The operating profit to sales ratio for fiscal 2007 reached 5.0% for the first time ever, making a significant contribution to overall business results.
- PED offset the negative effects of rising raw material prices, such as copper and aluminum, through cost reductions and increased sales, recording increases in both sales and profits.

## Pre-tax and Net Income Analysis

(yen: billions)

	FY07	vs. FY06
Operating profit	459.5	+45.2
Non-operating profit/loss	-20.4	+22.6
Financial income (net)	17.2	+4.1
Early retirement charges	-14.2	+22.8
Other	-23.4	-4.3
Pre-tax income	439.1	+67.8
Provision for income taxes	-191.8	-24.8
Minority interests	-31.1	-32.1
Equity in associated companies	1.0	+51.9
Net income	217.2	+62.8

- Non-operating profit/loss in fiscal 2007 improved by 22.6 billion yen, compared with the previous year.
- Provision for income taxes increased in line with an improvement in profit. However, the percentage of provisions for income taxes on pre-tax income decreased by 1.3% from a year ago, to 43.7%.
- A change in minority interests was due mainly to improved profitability at MEW and others.
- Equity in earnings of associated companies increased by 51.9 billion yen. This is due to the consolidation of manufacturing companies of CRT.
- Net income totaled 217.2 billion yen, an improvement of 62.8 billion yen.

## Inventory



- Inventories totaled 949.4 billion yen, or 37 turnover days.
- Excluding the effects of exchange rates, the amount of inventories was up by 16.8 billion yen, due mainly to an increase in inventories for an expected growth in demand for the new plasma TV models.

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- The next section outlines the forecast for the full fiscal year 2008.

# FY08 Financial Forecast Assumptions

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## Economic forecast

- **Japan** Economic recovery continues despite weak productivity in some sectors
- **US** Concern about further slowdown due to worsening housing market but risks are limited
- **Europe** Moderate recovery continues and economy remains firm
- **Asia** High economic growth continues in China. Asian economy is steady overall.

## Exchange rates

	<u>FY07</u>	<u>FY08 (forecast)</u>
■ <b>US dollar</b>	117 yen	110 yen
■ <b>Euro</b>	150 yen	143 yen

- This slide shows macro-economic assumptions for fiscal 2008, ending March 31, 2008.
- Although Matsushita expects economic conditions to be relatively firm in both domestic and overseas markets, the Company continues to keep a close eye on the economic conditions including a trend of raw material prices.

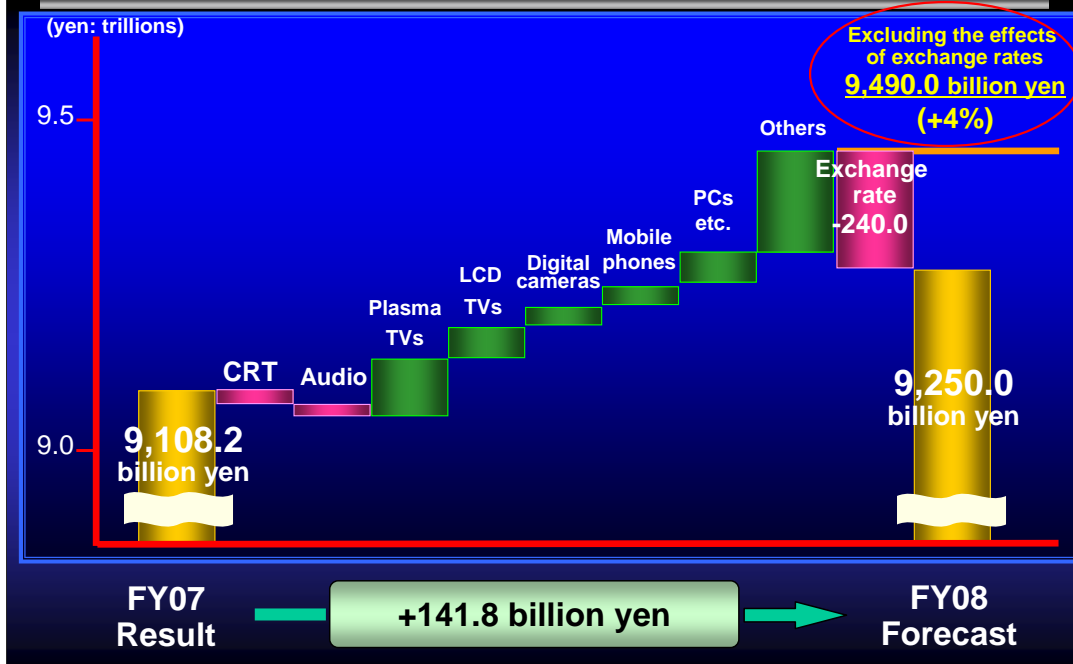
## FY08 Full Year Forecast

(yen: billions)

	FY08 (forecast)		FY07	
		vs. FY07		vs. FY06
Sales	9,250.0	+2%	9,108.2	+2%
Domestic	4,630.0	±0%	4,616.5	±0%
Overseas	4,620.0	+3%	4,491.7	+5%
Operating profit	500.0	+9%	459.5	+11%
Pre-tax income	460.0	+5%	439.1	+18%
Net income	250.0	+15%	217.2	+41%

- Based on these assumptions, Matsushita expects consolidated sales for fiscal 2008 of 9,250 billion yen, an increase of 141.8 billion yen from the previous fiscal year.
- Regarding earnings, the Company forecasts an improvement of operating profit by 40.5 billion yen, to 500 billion yen, with an operating profit to sales ratio of 5.4%.
- Net income is also expected to increase by 32.8 billion yen, to 250 billion yen, an increase of 15% from the previous year.

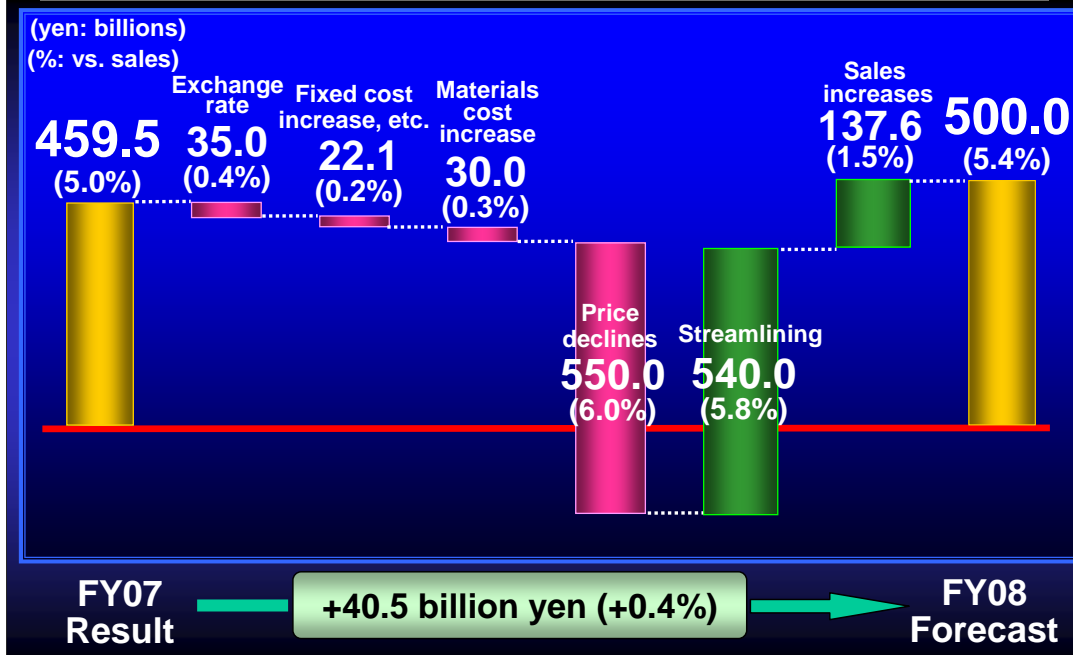
# FY08 Sales Analysis by Product (vs. FY07) 14



- This slide shows sales trends by major product category.
- Matsushita expects fiscal 2008 sales excluding the effects of exchange rate to total 9,490.0 billion yen, an increase of 4% from the previous fiscal year.
- Sales of digital products are expected to show a full-scale increase, while the sales decline of analog products is forecast to be smaller from a year ago.

# FY08 Operating Profit Analysis (vs. FY07)

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- Regarding the forecast for operating profit, Matsushita strives to achieve a further increase in profit through streamlining and increased sales mainly in overseas markets.

# AVC Networks



- The next section outlines the fiscal 2008 forecast by segment.
- For AVC Networks, operating profit is expected to improve to 6.0% of sales, based on continued strong sales of digital AV products such as flat-panel TVs.

# Forecasts of Major Domain Companies

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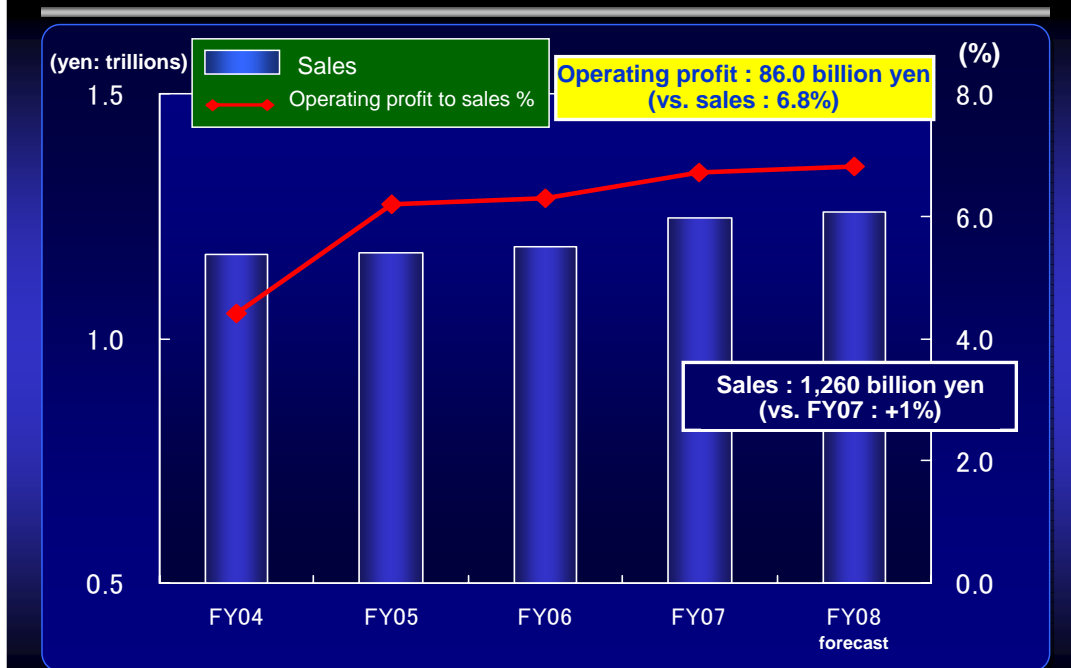
(yen: billions)

	PAVC		PCC *		PMC	
	FY08	vs. FY07	FY08	vs. FY07	FY08	vs. FY07
Sales	1,940.0	+6%	521.0	+14%	449.5	+15%
Operating profit	116.0	+28%	21.6	+16%	2.5	+9%
vs. sales(%)	6.0%	+1.0%	4.2%	+0.1%	0.6%	±0.0%
Capital investment	151.0	+40.0	15.0	+3.6	5.3	±0.0%

\* From FY 2008, PC optical disc drive business of Panasonic Shikoku Electronics Co., Ltd. was transferred to PCC.

- This slide outlines the forecasts of the major business domain companies within the AVC Networks segment.
- In particular, the operating profit of PAVC is expected to increase by 28% compared with a year ago, with an operating profit to sales ratio of 6.0%.
- Sales and operating profits for both PCC and PMC are also expected to show increases.

# Home Appliances



- Next, Home Appliances.
- Matsushita will maintain consistent high profitability in fiscal 2008 with operating profit of 86.0 billion yen, or an operating profit to sales ratio of 6.8%. This is due mainly to stable domestic businesses as well as expansion of overseas businesses.

# Components and Devices

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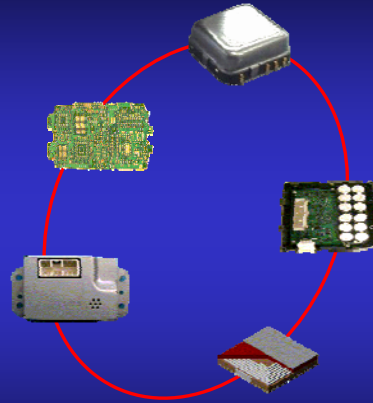


- In Components and Devices, Matsushita expects profit improvement in semiconductors due mainly to expansion of sales to external customers as well as higher profitability in general electronic components, batteries and motors.
- As a result, overall operating profit to sales ratio is forecast to increase to 7.6% against sales.

# PED Forecast

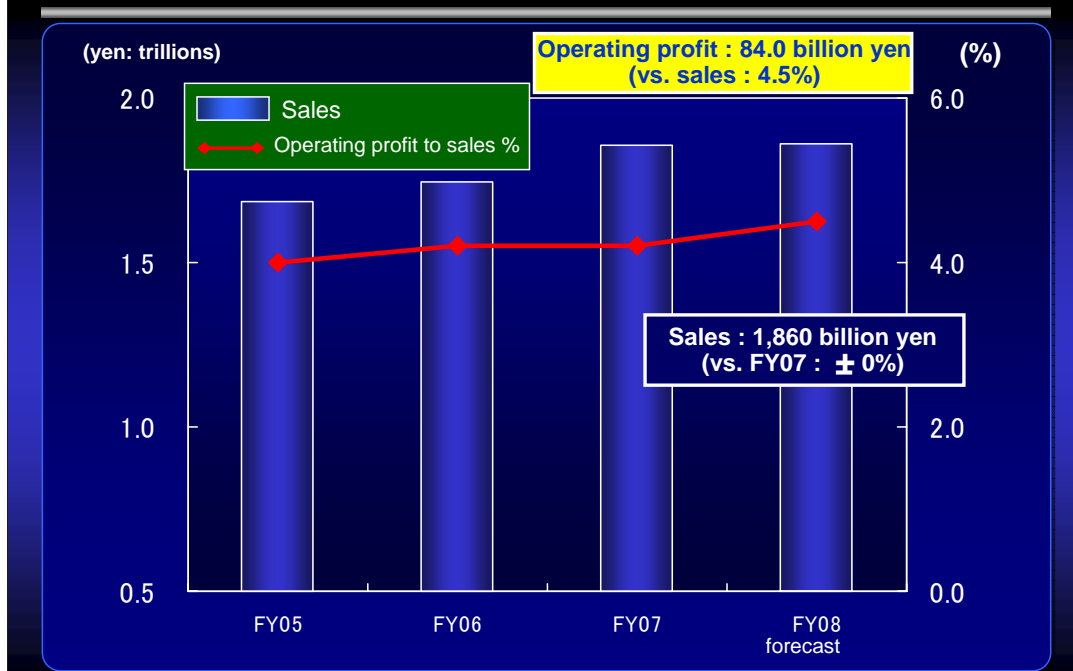
(yen: billions)

	FY08	vs. FY07
Sales	508.7	+4%
Operating profit	39.1	+5%
vs. sales (%)	7.7%	±0%
Capital investment	41.0	+0.7



- Forecasts for PED, responsible for general electronic components, are shown above.
- Matsushita will strive to maintain high profitability in this segment despite concern about a slowdown of growth in electronic components market in fiscal 2008.

# MEW and PanaHome



- The sales and operating profit forecasts for MEW and PanaHome are as shown here.

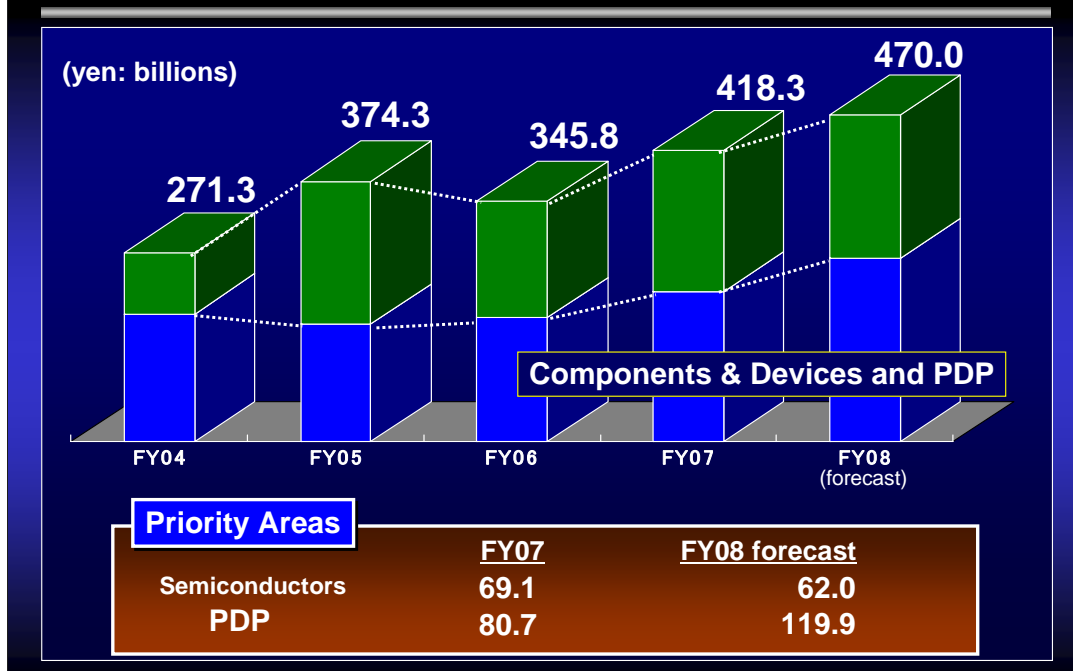
# Operating Profit Trends

(vs. FY07)

AVC Networks	↗	Plasma TVs, LCD TVs, camcorders, DVD, notebook PCs
	↘	CRT TVs
Home Appliances	↗	Air conditioners, refrigerators
	↘	—
Components and Devices	↗	Semiconductors, batteries, general electronic components
	↘	—
MEW and PanaHome	↗	Elec. construction materials, elec. and plastic materials
	↘	Automation controls

- This slide shows operating profit trends by major product category.
- Directions of arrows indicate increases or decreases in operating profit in each category compared with a year ago.

# Capital Investment



- Next, capital investment. The main areas of capital investment were the new PDP plant and manufacturing facilities for semiconductors.

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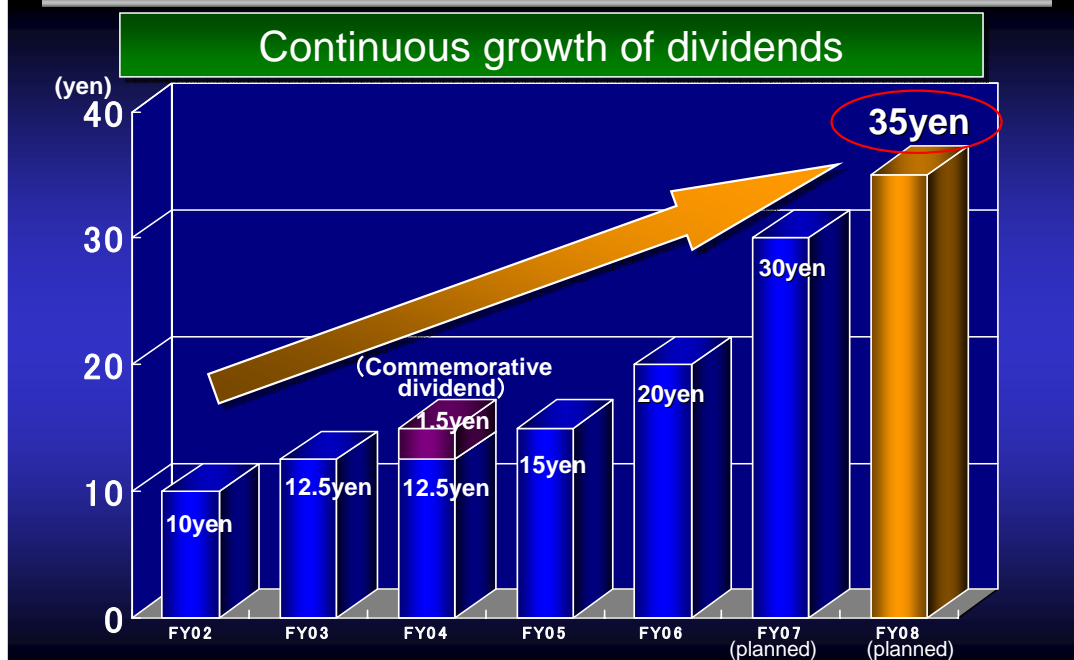
- Finally, shareholder-oriented management.

## Return to Shareholders in FY08

	FY2007	FY2008 (planned)
Dividends	- Annual dividends : 30 yen/share (increase of 10 yen vs. FY06) Interim dividend: 15 yen Year-end dividend: 15 yen (planned)	- Annual dividends : 35 yen/share (increase of 5 yen vs. FY07) Interim dividend: 17.5 yen Year-end dividend: 17.5 yen
Share Repurchases	(Results) - Number of shares : 63.39 million shares - Amount : 153.2 billion yen - Treasury stock held : 310 million shares	- Number of shares : 50 million shares (max) - Amount : 100.0 billion yen (max)

- Matsushita has decided to adopt a comprehensive plan for fiscal 2008 regarding the return to shareholders, as shown here.
- The Company plans to increase total dividends per share for fiscal 2008 to 35 yen, an increase of 5 yen compared with fiscal 2007. Regarding share repurchases, the Company plans to repurchase its own shares up to 100 billion yen.
- The Board of Directors decided to continue the previously adopted policy, called the ESV (Enhancement of Shareholder Value) plan, toward the large-scale purchases of Matsushita shares through fiscal 2008.

## Annual Dividends Per Share



- Regarding dividends, annual dividends per share have continuously improved over the past years.
- Matsushita aims at stable and continuous dividend growth, targeting a consolidated dividend payout of approximately 30-40% of consolidated net income.



- Matsushita continues to emphasize a management focused on the shareholder interests.
- Thank you for your continued support.

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