

Fiscal 2008 First Half Financial Results

October 30, 2007

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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 2008" or "FY 2008" refers to the year ending March 31, 2008.*

- This presentation contains consolidated financial results for the first half of fiscal year 2008, ending March 31, 2008.

Summary

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- 1. In second quarter, sales and operating profit hit record highs.**
- 2. In first half, sales hit a record high and operating profit increased for the sixth consecutive year.**
- 3. The first half results exceeded all forecasts which were previously announced.**

- Three main points outlined in this presentation are as shown here.
- First, consolidated financial results for the second quarter of fiscal 2008. Matsushita achieved record highs both in sales and operating profit, due mainly to favorable sales of white goods in overseas and digital AV products.
- Secondly, for the first half, sales hit a record high and operating profit increased for the sixth consecutive year.
- Finally, although Matsushita experienced severe business conditions including quality issues in some products, the first half financial results exceeded all forecasts for the first half.

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4. Changes in balance sheet

- This section outlines the consolidated financial results for the first half of fiscal 2008.

Fiscal 2008 Second Quarter Results

(yen: billions) <reference>

	FY08 Second Quarter	FY07 Second Quarter	vs. FY07	Real* vs. FY07
Sales	2,285.8	2,252.6	+1%	+7%
Domestic	1,109.8	1,118.2	-1%	+3%
Overseas	1,176.0	1,134.4	+4%	+12%
Operating profit	146.1	142.3	+3%	+7%
Pre-tax income	103.6	157.1	-34%	-27%
Net income	65.8	79.3	-17%	-

* Real terms : excluding JVC results for FY07 Aug. and Sep. (non-audit)

- First, consolidated group sales for the second quarter were up 1% to 2,285.8 billion yen from the same period a year ago, continuing sales increase recorded in the first quarter.
- Victor Company of Japan, Ltd. and its subsidiaries (JVC) became associated companies under the equity method from consolidated subsidiaries since this August. Excluding JVC, overall sales were up 7% compared with the same period last year, while overseas sales alone were up 12%.
- Operating profit totaled 146.1 billion yen, and the operating profit to sales ratio were 6.4%, up 0.1% from the same period a year ago.
- Both pre-tax income and net income were lower than the previous year, due mainly to the previous year's gains on the sale of the investments.

Fiscal 2008 First Half Results

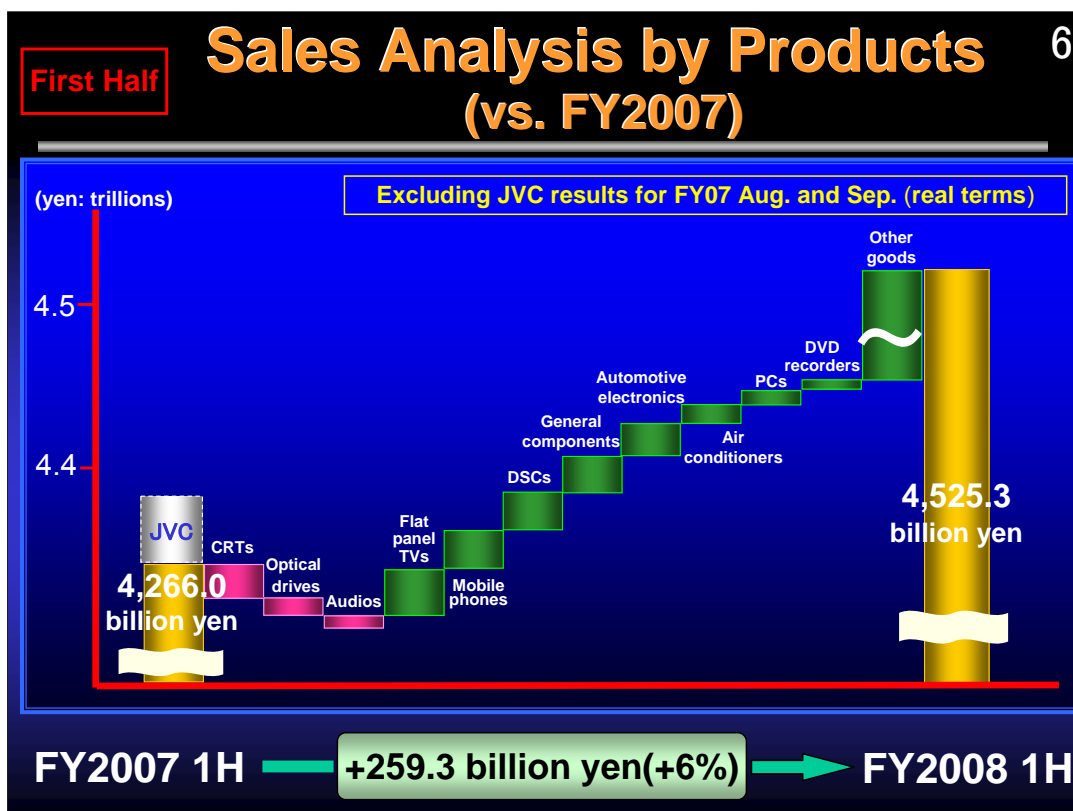
(yen: billions)

<reference>

	FY08 First Half	FY07 First Half	vs. FY07	Real [*] vs. FY07	Forecast (July.24)
Sales	4,525.3	4,389.5	+3%	+6%	4,322.0
Domestic	2,187.8	2,180.1	±0%	+2%	2,183.0
Overseas	2,337.5	2,209.4	+6%	+10%	2,139.0
Operating profit	220.0	207.4	+6%	+9%	181.0
Pre-tax income	187.6	232.5	-19%	-13%	179.0
Net income	105.1	115.1	-9%	—	82.0

* Real terms : excluding JVC results for FY07 Aug. and Sep. (non-audit)

- For the first half of fiscal 2008, Matsushita achieved a record-high sales of 4,525.3 billion yen, up 3% and in real terms up 6%, compared with the same period last year.
- Operating profit increased for the sixth consecutive year, to 220 billion yen, which is an increase of 39 billion yen compared with the announced forecast.
- Pre-tax income and net income also exceeded the announced forecast.



- Next, sales analysis by products.
- Excluding JVC's results for August and September 2006, the sales in the first half of fiscal 2007 totaled 4,266.0 billion yen.
- Compared with this restated result of the last fiscal year, the sales in the first half of fiscal 2008 increased by 259.3 billion yen, or 6%, due to sales increases in wide range of products including flat-panel TVs.

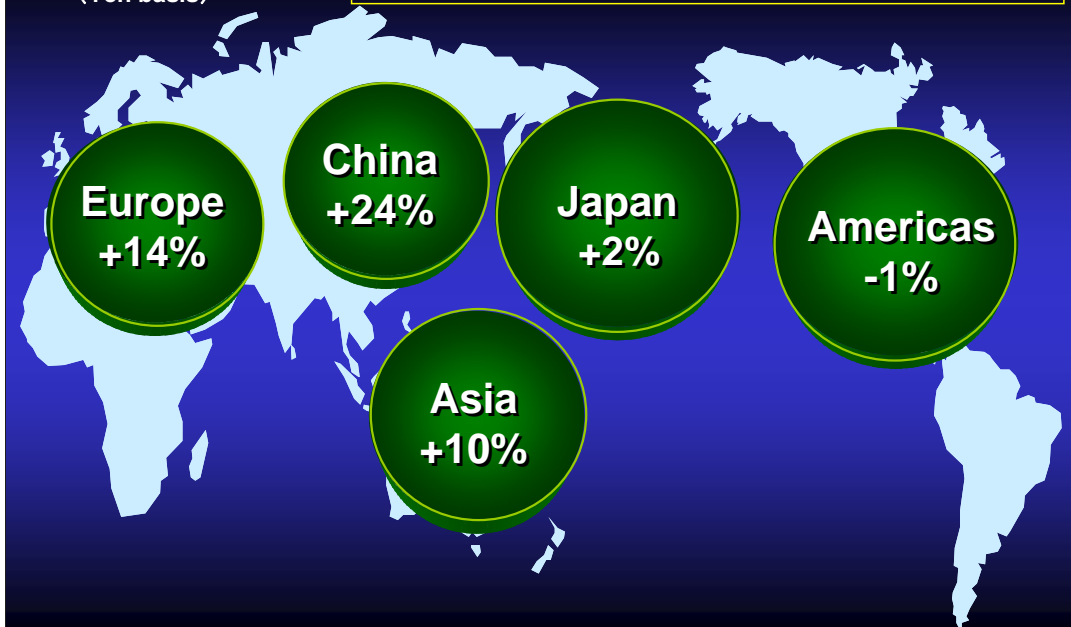
First Half

Global Sales by Region

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(Yen basis)

Excluding JVC results for FY07 Aug. and Sep. (real terms)



- Sales by region were as shown here.
- Although sales in the Americas were lower than the previous year, strong sales in digital AV products such as flat-panel TVs with the introduction of full HD models, as well as white goods in overseas markets, led to a double-digit sales growth in Europe, Asia and China.

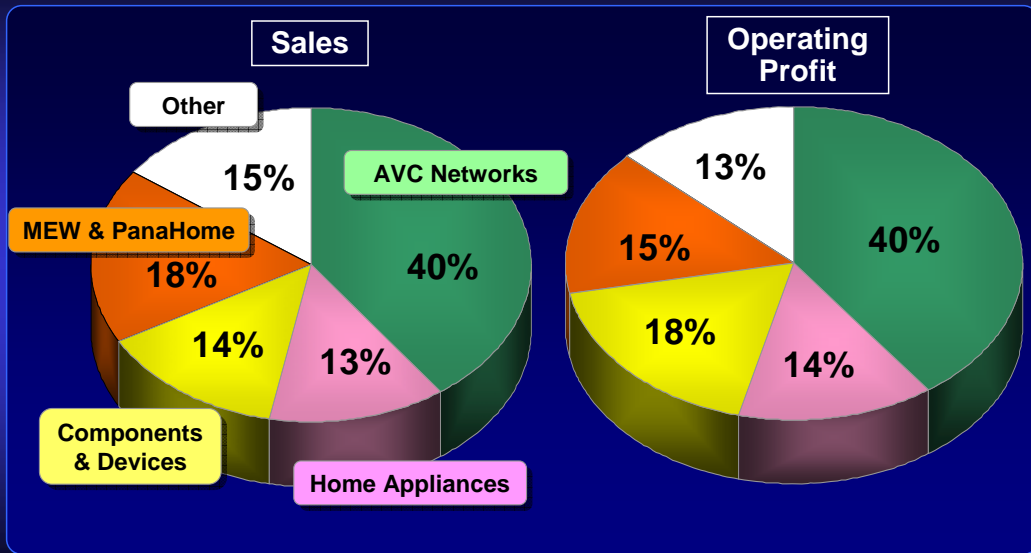
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- Next, segment analysis.

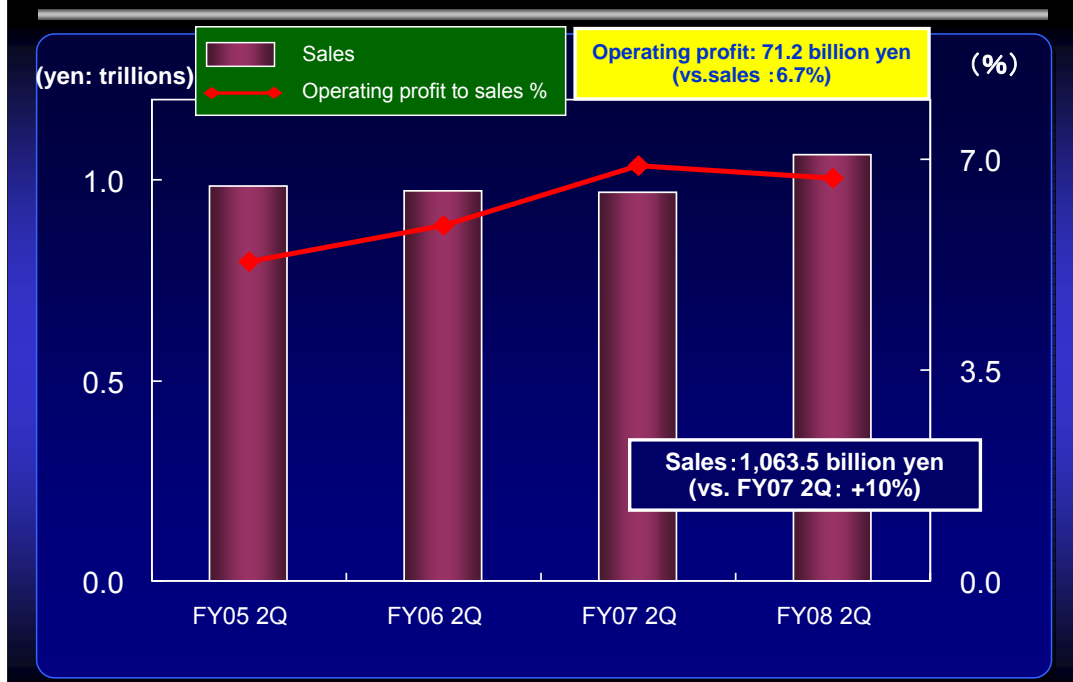
Sales and Operating Profit by Segment

Excluding JVC, corporate and eliminations

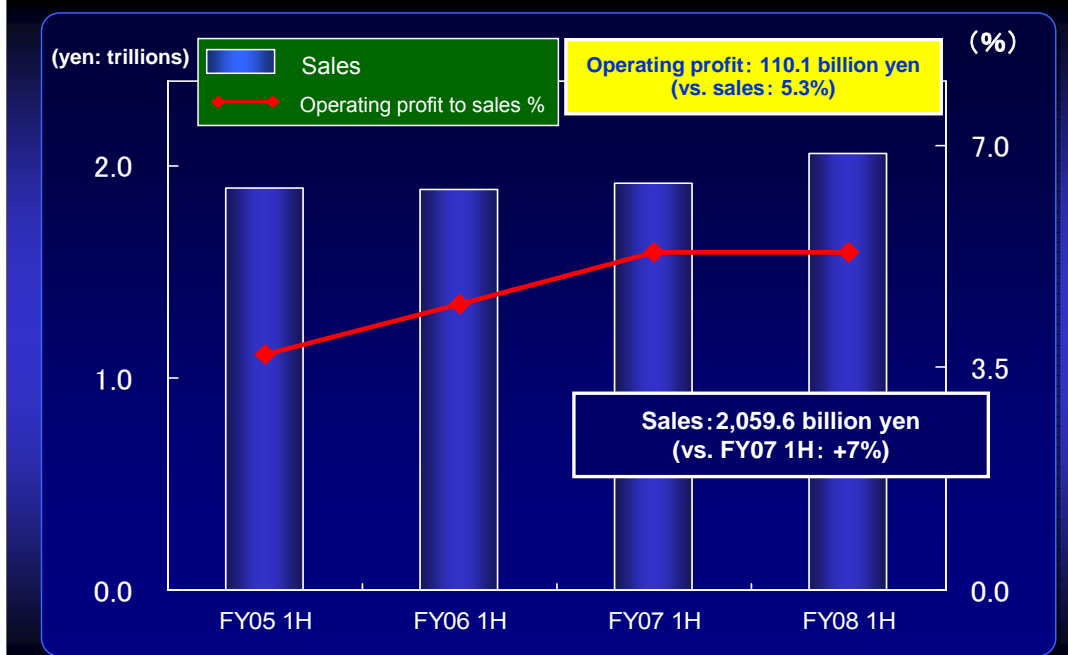


- First, sales and operating profit by segment in the first half are shown here.
- The proportion of operating profit is similar to that of sales. This shows stable profitability and well-balanced management.

AVC Networks



- By segment, sales in AVC Networks were favorable in the second quarter, due mainly to strong sales of flat-panel TVs and digital cameras as well as mobile phones.
- Operating profit totaled 71.2 billion yen, exceeding the previous year. Although AVC Networks recorded increases in both sales and profits, the operating profit to sales ratio was 6.7%, slightly lower than the previous year.



- Both sales and profit were up for the first half in AVC Networks and the operating profit to sales ratio was 5.3%, unchanged from the previous year.

Results of Major Domain Companies

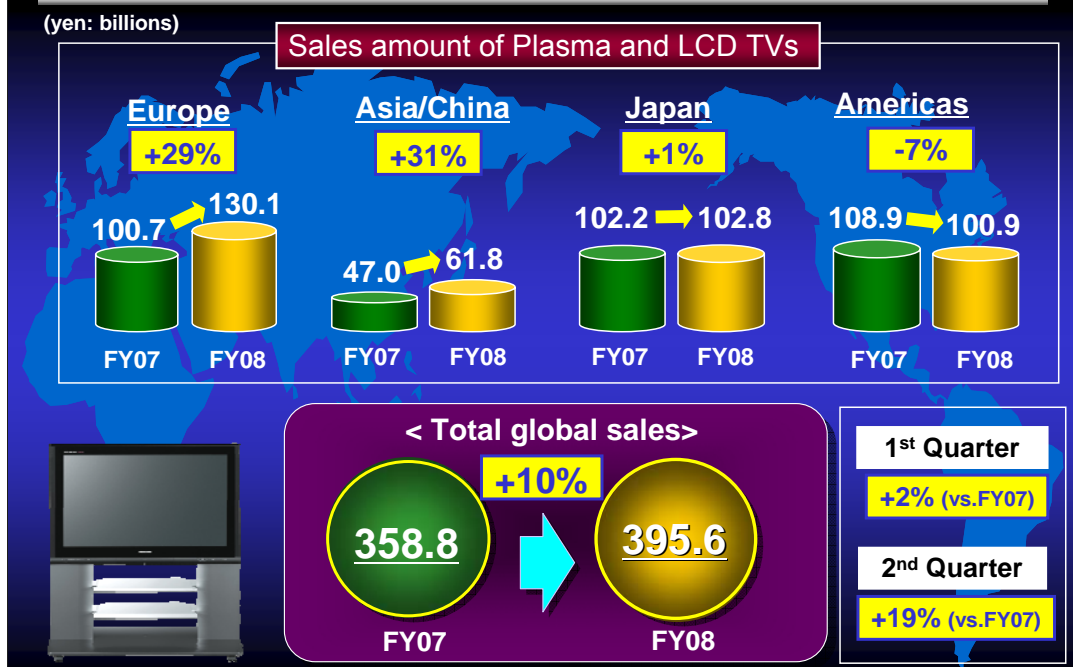
	PAVC		PCC		PMC	
	FY08 2Q	vs. FY07 2Q	FY08 2Q	vs. FY07 2Q	FY08 2Q	vs. FY07 2Q
(yen: billions)						
Sales	480.0	+3%	135.9	+14%	97.1	+30%
Operating profit	33.1	+12%	3.7	-43%	2.5	-
Operating profit/sales	6.9%	+0.5%	2.7%	-2.8%	2.6%	+3.0%
Capital investment	51.3	-0.1	6.9	+4.1	1.0	-0.8

- Second quarter results of three major domain companies within AVC Networks are as shown here.
- The operating profit of PAVC increased by 12% with an operating profit to sales ratio of 6.9%, up 0.5% from the same period a year ago, and the highest ever for a 2nd quarter.
- Although sales of PCC showed double-digit growth from the same period a year ago due mainly to business transfer from Panasonic Shikoku Electronics Co., Ltd, the operating profit to sales ratio decreased to 2.7%, mainly as a result of weak sales of optical disc drives.
- Sales in PMC recorded a significant increase due to supplying more mobile operators. As a result, PMC's operating profit to sales ratio recovered to 2.6%.

Results of Major Domain Companies

(yen: billions)	PAVC		PCC		PMC	
	FY08 1H	vs. FY07 1H	FY08 1H	vs. FY07 1H	FY08 1H	vs. FY07 1H
Sales	940.1	+5%	265.1	+12%	205.5	+14%
Operating profit	47.4	+13%	5.7	-50%	0.9	+29%
Operating profit/sales	5.0%	+0.3%	2.2%	-2.6%	0.4%	±0%
Capital investment	77.0	+13.9	8.9	+3.4	1.5	-1.3

- First-half results within AVC Networks are as shown here.
- PAVC achieved double-digit growth in operating profit for the first half, from the same period last year, as well as in the second quarter.



- Next, sales trends of flat-panel TVs, including plasma and LCD TVs.
- In the major regions, although sales in the Americas showed a negative growth compared with the same period last year, sales in Europe and Asia/China showed significant increases of 29% and 31%, respectively, resulting in an increase of 10% in global sales from the same period a year ago.
- Global sales for the first quarter were up 2%, while those for the second quarter showed a significant sales growth of 19%, compared with the previous year.

Expanding Lineups of Full HD TVs

New full HD models

Plasma

NEW 65v NEW 50v
NEW 58v NEW 42v

PZ750SK Series

PZ70 Series

NEW 50v NEW 42v

LCD

NEW 37v

37LZ75

(Japan model)

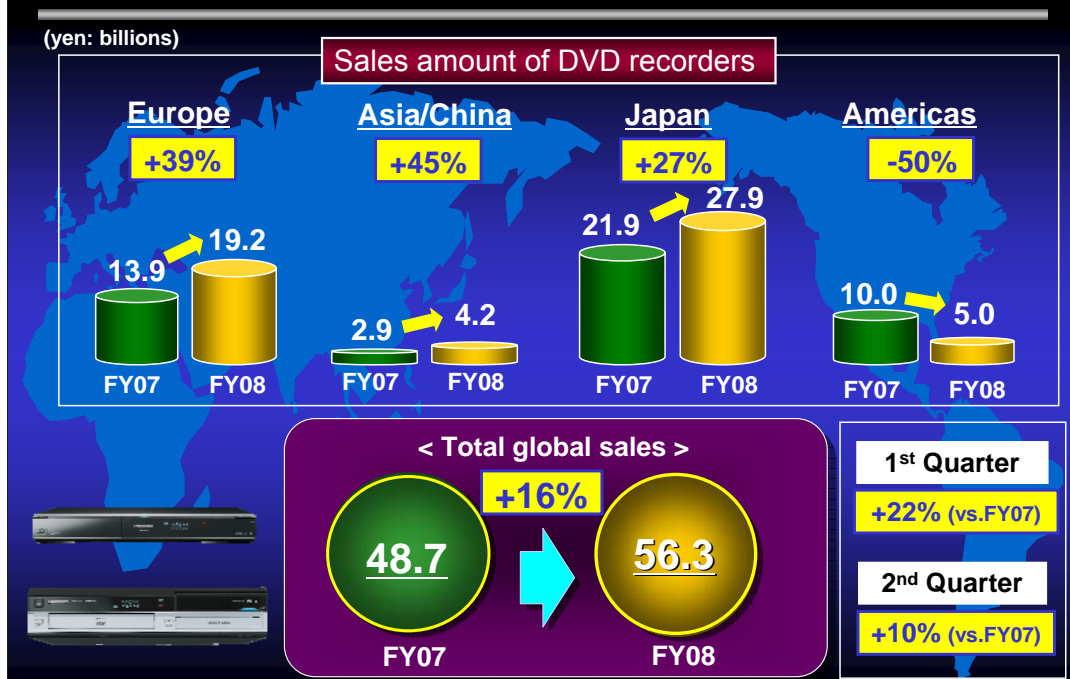
VIERA Link in full HD

VIERA Link
EZSYNC™
AVCHD
Rack Theater

Strengthening product competitiveness and implementing worldwide marketing campaigns

- Reflecting the rapidly expanding global market for larger size and full HD TVs, Matsushita has created a more extensive product line-up with full HD TVs in 37-inch or larger models since this August.
- The Company made full HD a key feature of Panasonic's line-up of global products in its industry-leading VIERA Link*, which was introduced two years ago.
- The Company strives to win against ever intensifying competition ahead of the year-end shopping season by making every effort to strengthen sales with products tailored to regional characteristics in each region.

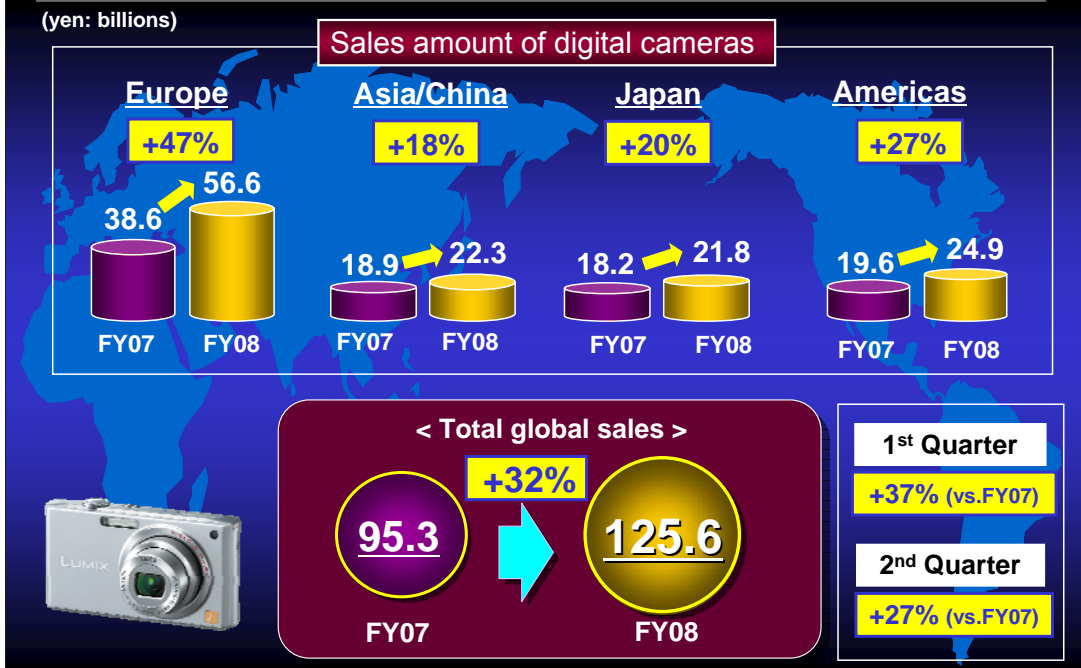
* VIERA Link provides easy connectivity with flat-panel TVs.



- Next, sales trends in DVD recorders.
- The demand of DVD recorders in the Japanese and American markets are lower than the previous year. Despite this severe business environment, the Company's global sales were up 16% from a year ago, as Matsushita's distinctive functionality called the VIERA Link was well-received in the markets.
- The Company's unique double-layer recording system has a market acclaim in the next generation DVD recorders market, thereby achieving an approximately 60% share of the Japanese market.
- Although sales in North America were down with weak demand in the region, the Company maintained the top market share.

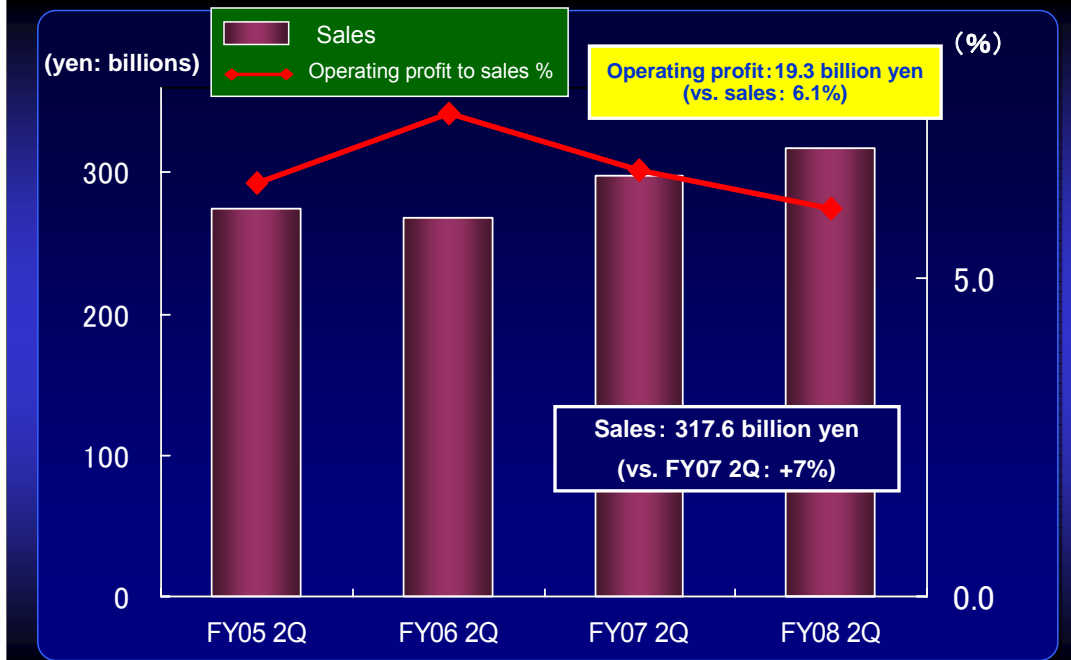
First Half

Sales of Digital Cameras

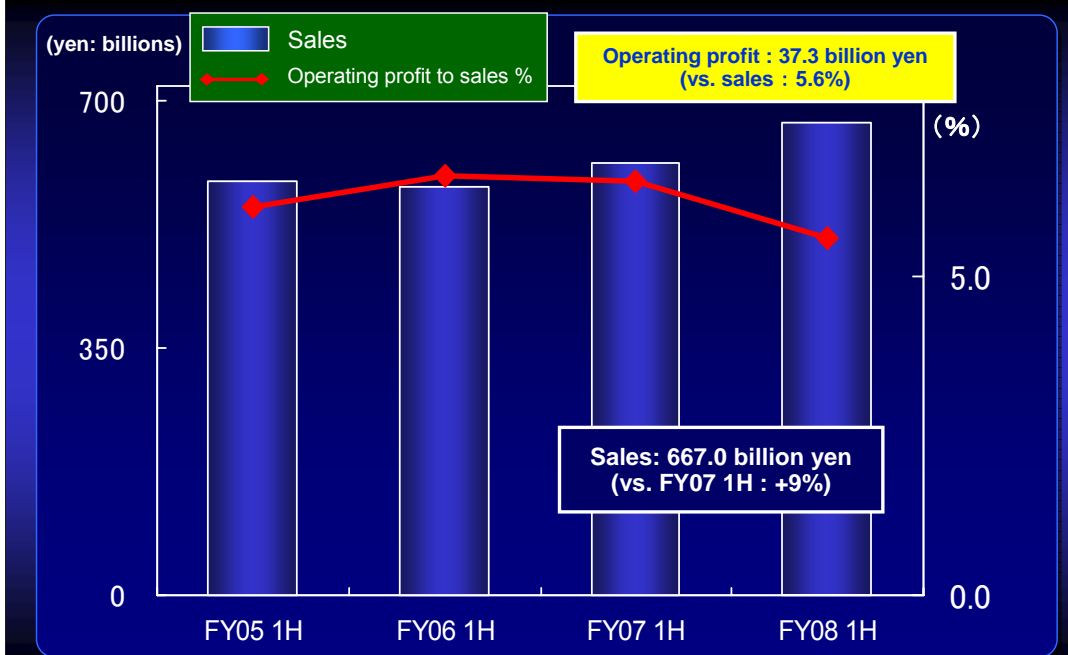


- Next, sales trends in digital cameras.
- Sales of intelligent auto mode FX33 and 10 times optical zoom camera TZ3 were favorable in every region, resulting in total global sales up 32% from the same period a year ago.
- In particular, sales in Europe showed a significant increase of 47% as the Company has now established its Lumix brand image as a high grade model.

Home Appliances



- Sales in the Home Appliances segment increased by 7% in the second quarter from a year ago, due mainly to strong sales in refrigerators, air conditioners and microwave ovens in overseas markets.
- However, the operating profit totaled 19.3 billion yen, slightly lower than the previous year, or 6.1% of sales, as a result of rising prices for raw materials including copper.



- First-half results in Home Appliances are shown here.

Overseas Double-digit Growth in White Goods ²⁰

	2nd Quarter	First Half
Air conditioners	+20%	+20%
Washing machines	+37%	+36%
Refrigerators	+38%	+40%
Microwave ovens	+13%	+17%
Compressors	+7%	+19%

* Overseas sales amounts (vs. FY07)

Accelerating expansion of overseas businesses in white goods

- Sales of major white goods in overseas markets, which the Company has especially focused on since the beginning of this fiscal year, recorded double-digit growth both in the second quarter and the first half of fiscal 2008.
- Matsushita will strive to accelerate overseas business expansion, particularly in three main products: air conditioners, washing machines and refrigerators.

New Products Tilted-drum Washer/Dryers

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Simultaneous R&D and launch in Japan and China



Japanese model

Chinese model

World first

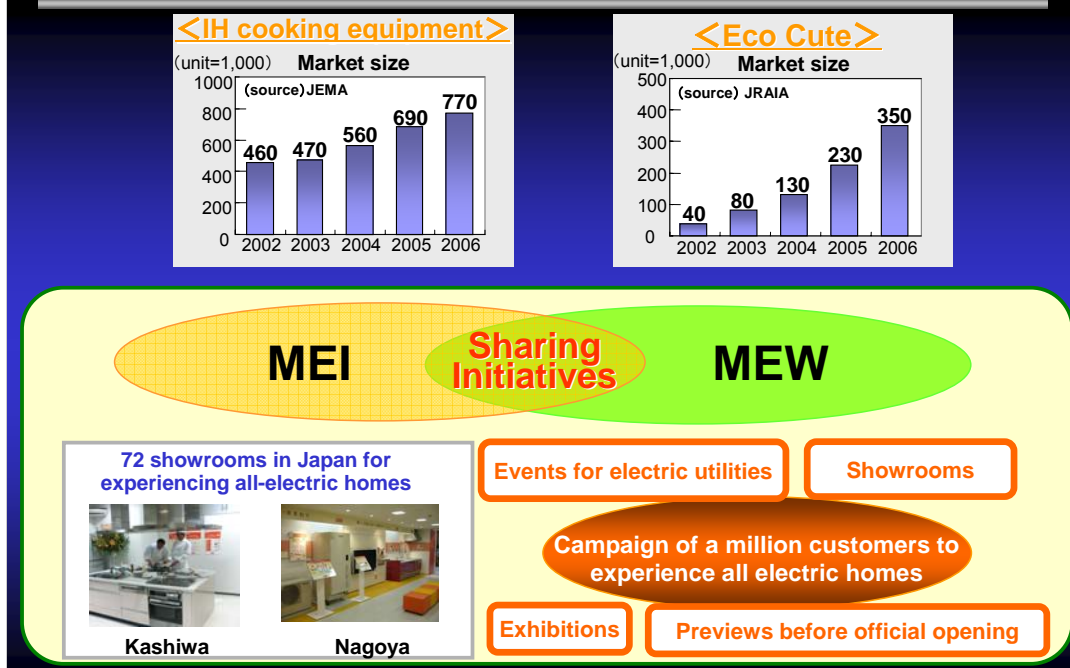
**“Dancing laundering
& drying system”**



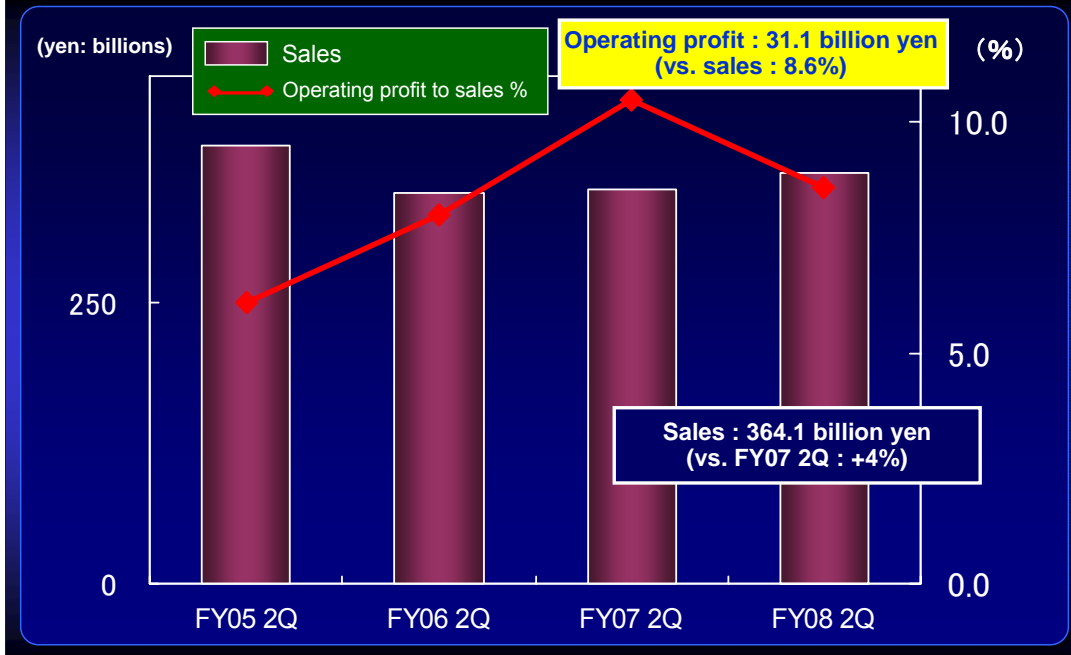
Announcement of new products

- Lately, Matsushita developed and launched tilted-drum washer/dryers simultaneously in Japan and China. This initiative was taken for the first time for white goods.
- The Company believes China is one of the most important markets and continues its efforts to proactively strengthen its position in China.

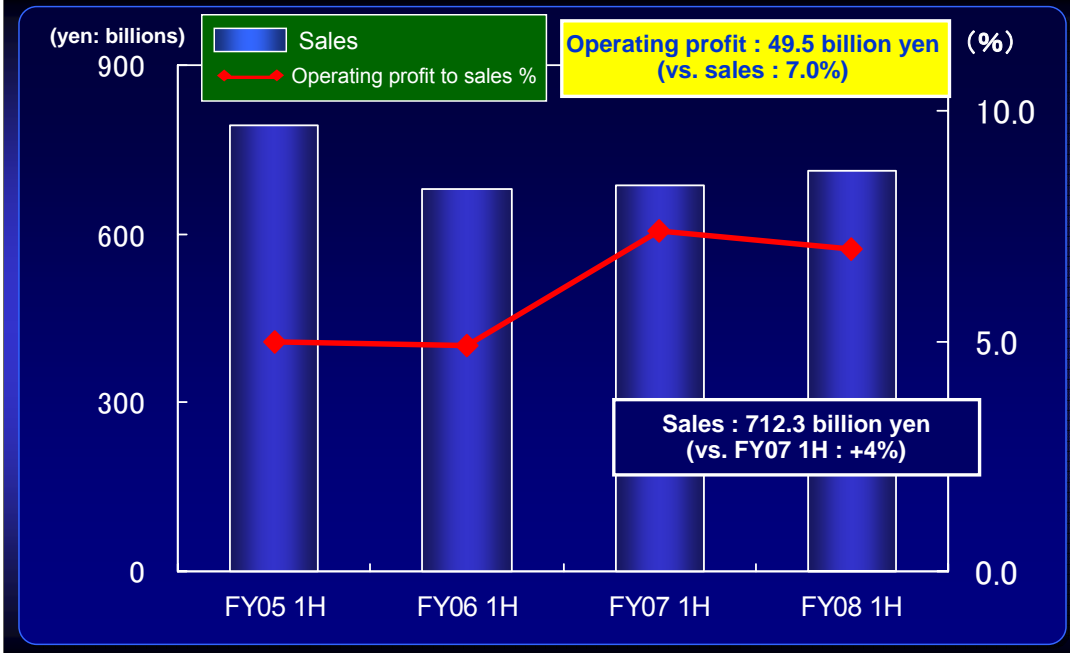
Promoting All-electric Homes



- Meanwhile, there is a growing demand for related equipment in all electric homes such as IH cooking equipment and Eco Cute, and in this business field, a high growth is expected in Japanese market.
- Matsushita has achieved the top market share in this field with its product competitiveness, and the Company is strengthening collaboration with MEW in order to achieve further increase in sales.
- In the future, the Company will expand its successful collaboration with MEW on air-conditioners to products in all electric homes. Through the synergy effect between MEI and MEW, the Company aims to achieve overwhelming market share in this field.



- Next, Components and Devices.
- For the second quarter, sales were up 4% from the same period a year ago, as a result of strong sales in general electronic components.
- Although the operating profit was lower than the previous year, the Company maintained a high operating profit to sales ratio of 8.6%.



- First-half results for Components and Devices are as shown here.

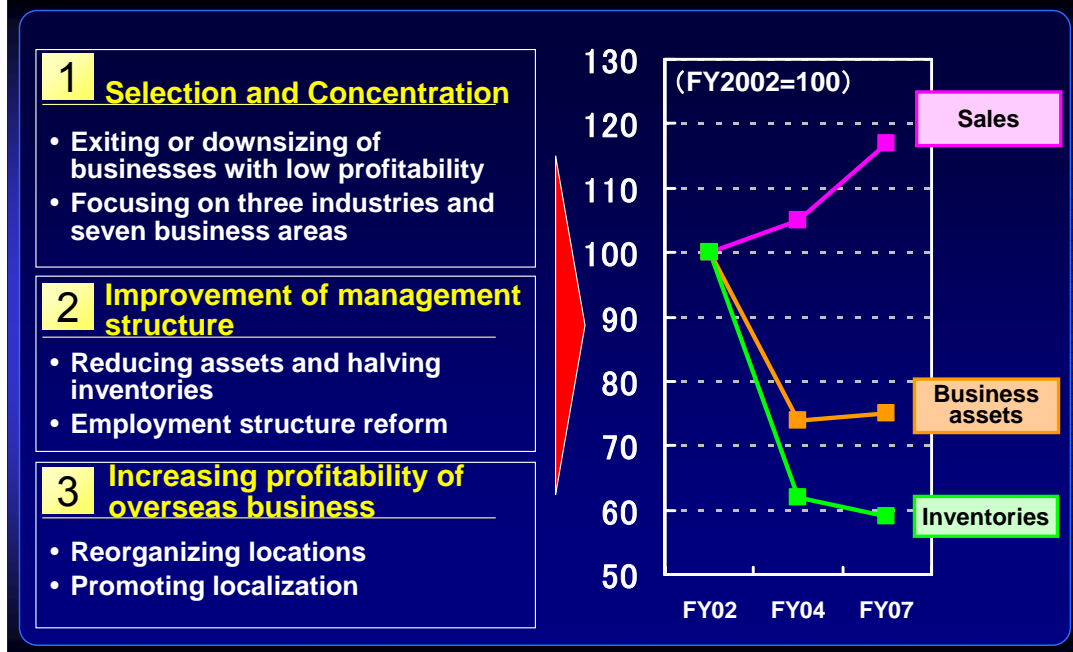
PED

2nd Quarter			First Half		
	(yen: billions)			(yen: billions)	
	FY08 2Q	vs. FY07 2Q		FY08 1H	vs. FY07 1H
Sales	130.6	+7%	Sales	260.4	+8%
Operating profit	11.4	+6%	Operating profit	20.7	+14%
Operating profit/sales	8.8%	-0.1%	Operating profit/sales	7.9%	+0.3%
Capital investment	8.2	-2.3	Capital investment	17.5	-0.5

- In PED, which is responsible for general electronic components, both sales and operating profit increased from last fiscal year in the second quarter and the first half of fiscal 2008.
- Favorable sales of capacitors for notebook PCs, and switches for mobile phones whose market has been growing, led to an overall sales increase, thereby maintaining a high standard of profitability.

Result of PED Management Reform

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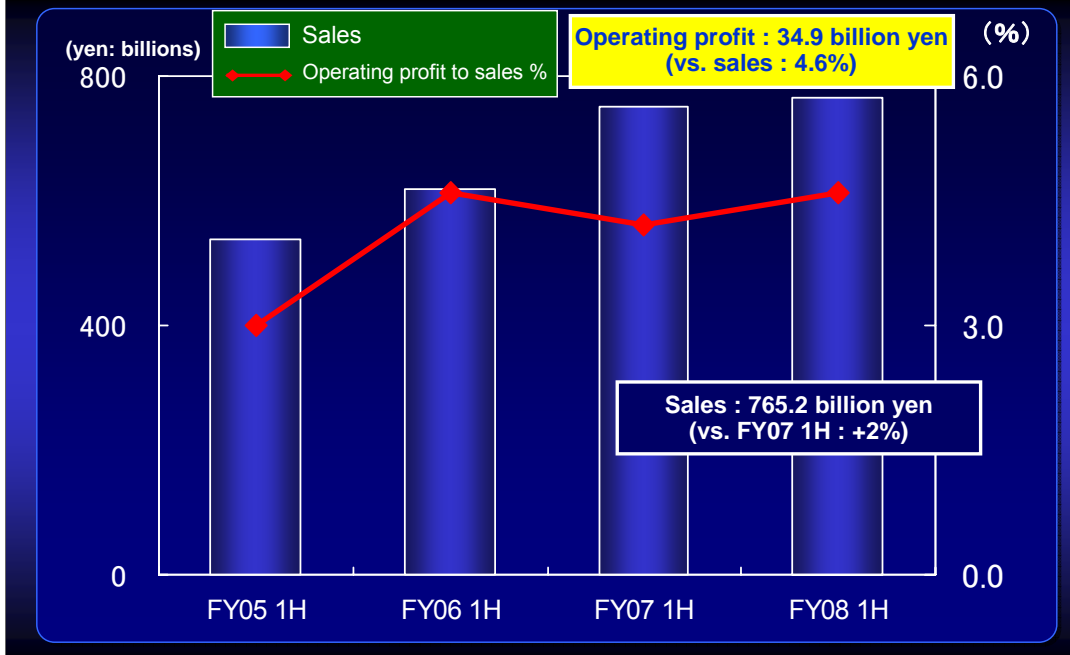
- Next, PED's management reforms.
- Since PED recorded a big loss in fiscal 2002, it has focused on:
 - 1) Selection and concentration of products, business and industry,
 - 2) Improvement of management structure, and
 - 3) Strengthening profitability in overseas business.
- Through these efforts, PED succeeded in increasing sales by more than 15% while strengthening profitability, thereby boosting an operating profit to sales ratio to 7.7% in the previous fiscal year.
- Going forward, the Company strives to further strengthen this business through various initiatives such as increasing the percentage of its global top share products to approximately 60%.

First Half

MEW and PanaHome

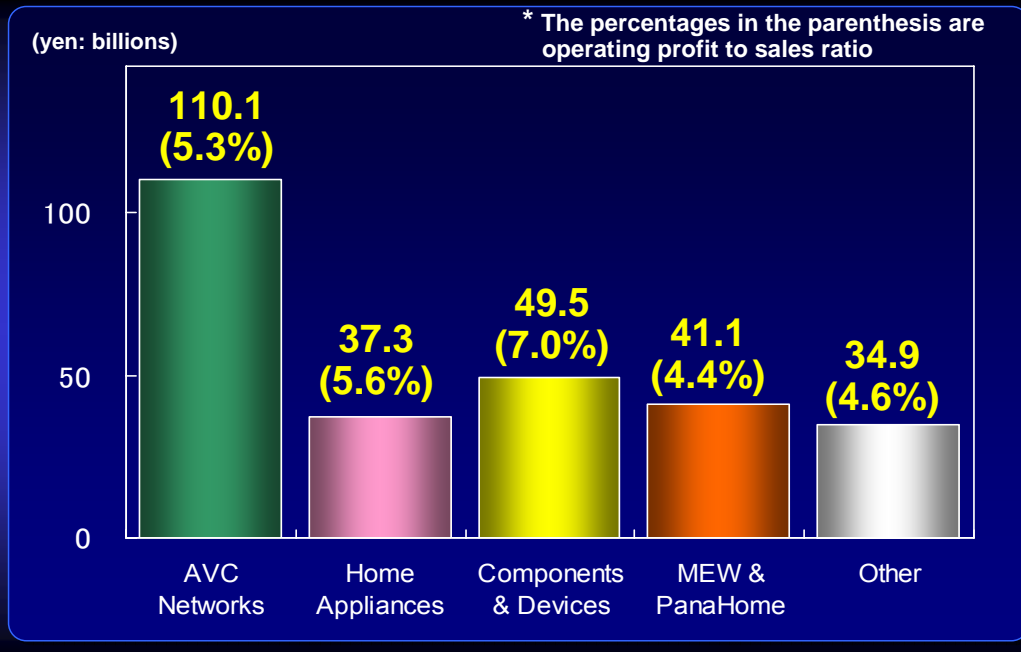


- MEW and PanaHome results were as announced separately on October 26, showing increases in sales and profit. The operating profit to sales ratio was 4.4%, up 0.8% from the comparable period a year ago.



- In the Other segment, solid performance of factory automation (FA) equipment and other positive factors led to favorable sales and profit results.

Aiming for Robust Profitability

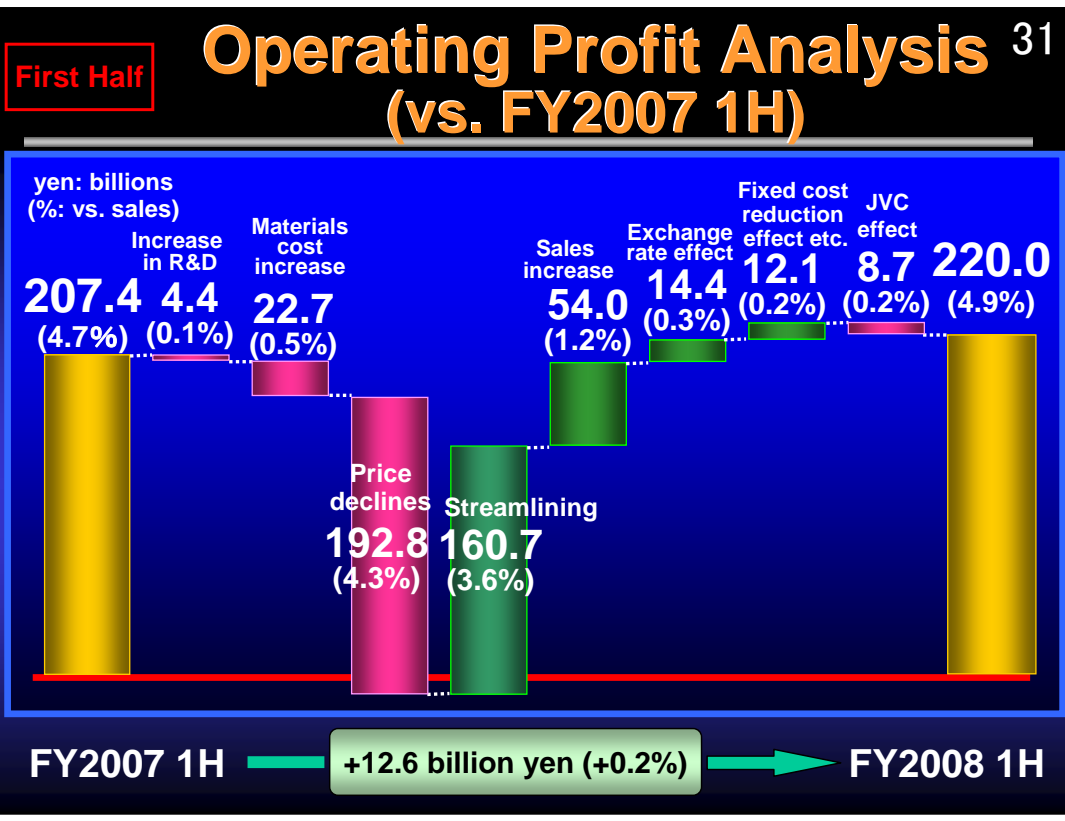


- This slide shows operating profit by segment.
- The Company will strive to strengthen its profitability in each segment.

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- Next, profit analysis.



- This slide shows operating profit analysis.
- During the first half, the effects of streamlining, increased sales and a weaker yen were more than sufficient to offset the negative factors such as continuous price declines and rising prices for raw materials. Accordingly, operating profit increased by 12.6 billion yen from the same period in the previous year.

Pre-tax and Net Income Analysis

(yen: billions)

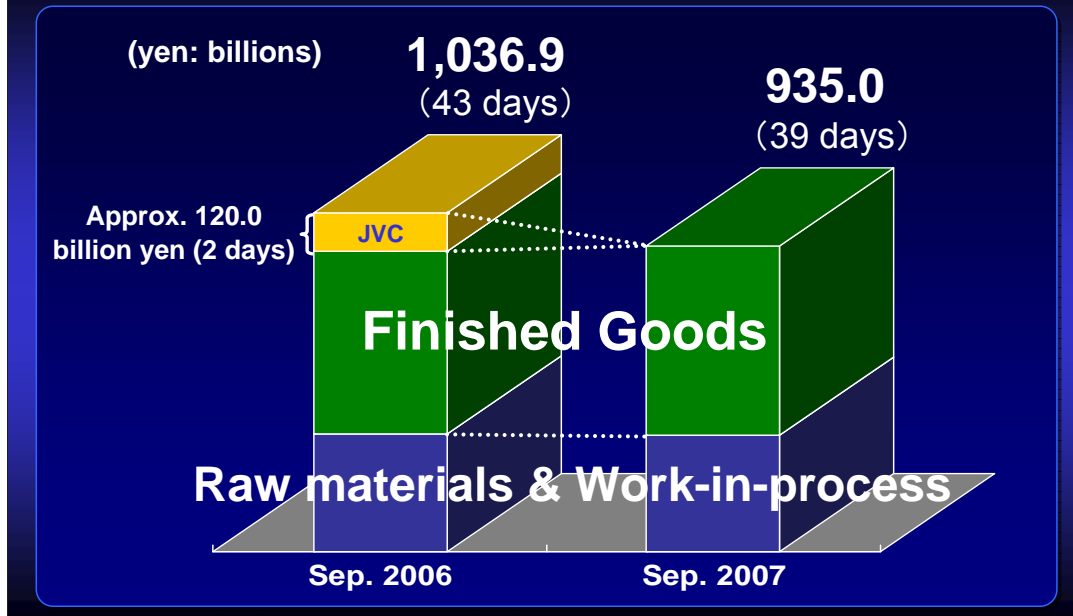
	FY08 1H	vs. FY07 1H
Operating profit	220.0	+12.6
Non-operating income/loss	-32.4	-57.4
Financial income	12.2	+6.5
Early retirement charges	-15.8	-11.5
Other	-28.8	-52.4
Pre-tax income	187.6	-44.8
Provision for income taxes	-70.9	+28.8
Minority interests	-5.0	+12.9
Equity in associated companies	-6.6	-6.9
Net income	105.1	-10.0

- Non-operating income/loss in the first half of fiscal 2008 was a loss of 32.4 billion yen, a decrease of 57.4 billion yen from the same period of last fiscal year.
- This result is due mainly to an increase in the expenses associated with the implementation of early retirement programs and the previous year's gains on the sales of the investments, despite an improvement of financial income.
- Effective tax rate was 38%, down 5% compared with last fiscal half.
- A change in minority interests was due mainly to JVC and PanaHome.
- Losses of equity in associated companies is due mainly to a profit decrease in the joint venture with Toshiba.
- As a result, net income totaled 105.1 billion yen.

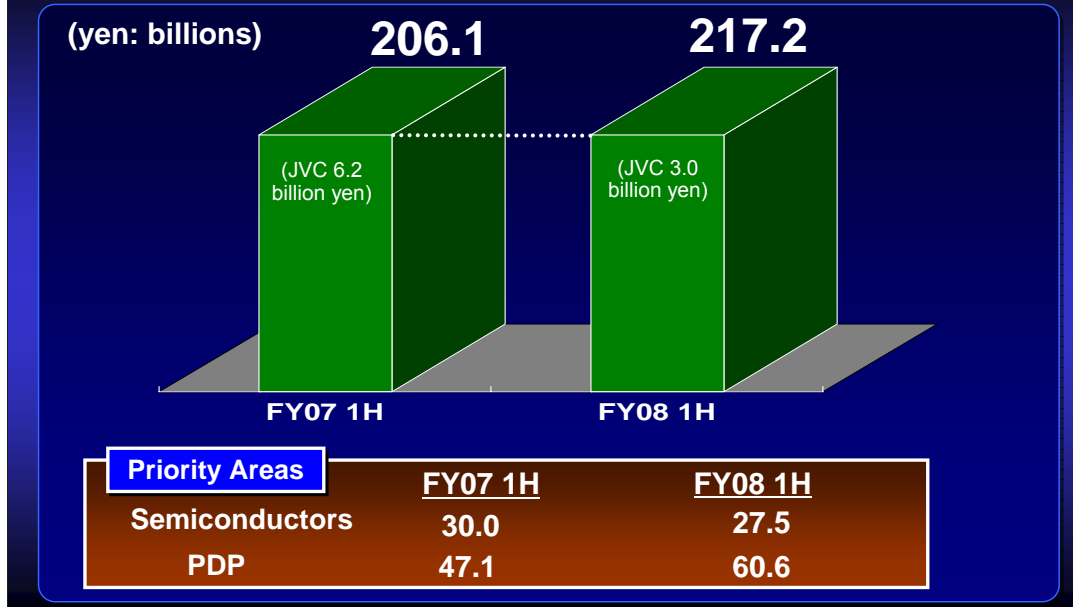
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- Finally, balance sheet items.



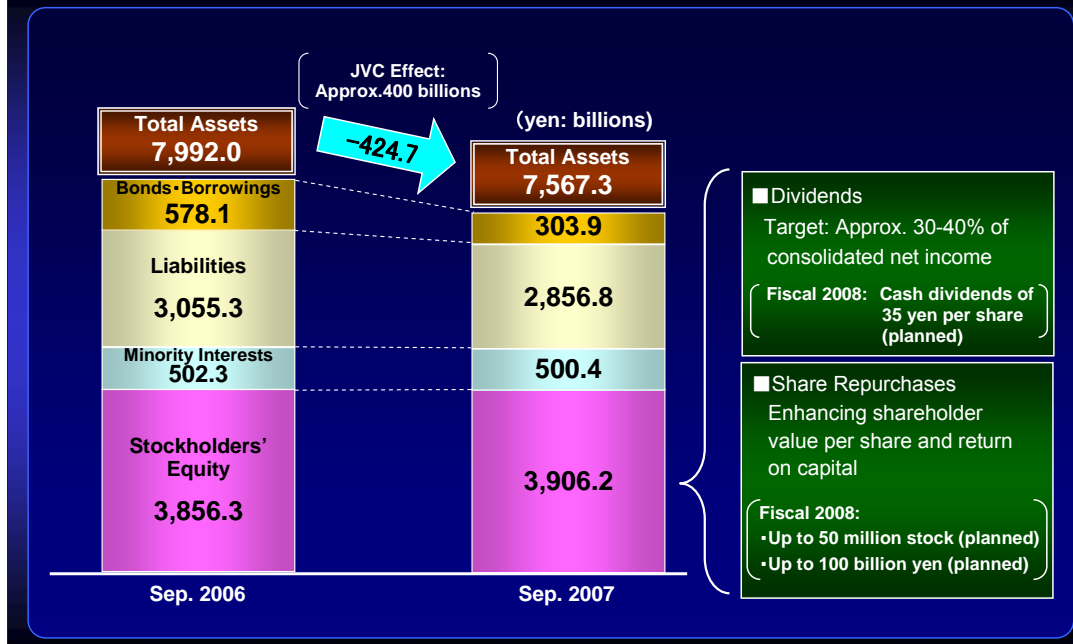
- Inventories totaled 935.0 billion yen, or 39 inventory turnover days, a 4 day decrease from September 2006.
- Excluding JVC, however, the total amount slightly increased from the same period last year.



- Next, capital investment for the first half was as shown here.
- Capital investment for PDP has increased compared with last year, due mainly to the investment on the 4th Amagasaki plant.

Promoting Shareholder-oriented Management

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- Finally, changes in balance sheet are shown here.
- Since JVC became associated companies under the equity method from consolidated subsidiaries, liabilities with interest and total assets decreased.
- As announced on April 28, in this fiscal year, Matsushita plans to pay dividends of 35 yen per common share and execute its own share repurchases up to 100 billion yen.
- The Company continues to promote shareholder-oriented management such as implementing proactive return to shareholders and enhancing capital efficiency.



- First half financial results for fiscal 2008 exceeded the previously announced forecast.
- In consideration of uncertainty of the business condition, Matsushita will not change the full-year forecast. However, the Company will regard the current forecast as minimum targets and strive for growth with profitability.
- Thank you for your continued support.

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The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the United States, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Matsushita Group operates businesses, or in which assets and liabilities of the Matsushita Group are denominated; the ability of the Matsushita Group to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the ability of the Matsushita Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Matsushita Group to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Matsushita Group; the possibility that the Matsushita Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Matsushita Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, and deferred tax assets; future changes or revisions to accounting policies or accounting rules; as well as natural disasters including earthquakes and other events that may negatively impact business activities of the Matsushita Group. The factors listed above are not all-inclusive and further information is contained in Matsushita's latest annual report on Form 20-F, which is on file with the U.S. Securities and Exchange Commission.

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