

Management Policy

(1) Basic Policy for Corporate Management

Since its establishment, Matsushita has operated its businesses under its basic management philosophy, which sets forth that the mission of a business enterprise is contributing to the progress and development of society and the well-being of people through its business activities, thereby enhancing the quality of life throughout the world. Matsushita, as a public entity, is committed to its relationships with all stakeholders.

(2) Basic Policy for Providing Return to Shareholders

Since the company's founding, Matsushita has managed its businesses in a manner reflecting the company's belief in the importance of profit return to shareholders. Historically, Matsushita has distributed dividends at a consistent level to shareholders. In fiscal 2005, ended March 2005, however, along with the implementation of a new mid-term growth strategy, Matsushita changed the company's policy regarding returns to shareholders, which historically emphasized a stable level of dividends, to a new policy which takes into consideration its consolidated business performance.

Specifically, Matsushita will provide return to shareholders through dividend payments and own share repurchases, upon careful consideration of consolidated cash flows.

1) Dividends:

From the perspective of return on the capital investment made by shareholders, Matsushita will, in principle, distribute profits to shareholders based on its consolidated business performance. Matsushita also aims for promoting stable and continuous growth of return to shareholders, while at the same time taking into consideration various factors including mid-term business performance, capital expenditure requirements and the company's financial condition.

2) Own share repurchases:

Matsushita will provide return to shareholders by enhancing shareholder value per share through a reduction, in effect, of the number of outstanding shares. This will be accomplished by repurchasing the company's own shares with surplus cash flows.

In line with the policy described above, for fiscal 2005 Matsushita distributed an interim cash dividend of 7.50 yen per common share, and also plans to pay 7.50 yen per common share as the year-end cash dividend, subject to approval at the company's ordinary general meeting of shareholders to be held in June 2005. If implemented, total cash dividends for fiscal 2005 will be 15.00 yen per common share, or a dividend payout ratio of 47.0%.

For details about own share repurchases and annual dividends for fiscal 2006, ending

March 2006, see separate press releases issued today, "Matsushita to Execute Own Share Repurchase" and "Matsushita Announces Plans to Increase Dividends for Fiscal 2006."

(3) Company's Policy on Reduction of the Share Trading Unit Size

Amendments to the Japanese Commercial Code that took effect in October 2001 allow listed companies to reduce the number of shares per unit for trading ("share trading unit") on stock markets in Japan. Matsushita has given careful consideration as to whether or not it should avail itself to this eased restriction, but as of today, the company believes it is too early to do so. Recognizing the importance of increased participation in capital markets by individual investors, Matsushita, over the years, has implemented various measures with individual shareholders in mind. Some of these include renewal of the company's investor relations website, more detailed business reports to shareholders and improved general shareholder meeting arrangements. Since Matsushita is aware that a reduction in the share trading unit size is an effective method for broadening its individual shareholder base, the company will continue to discuss and evaluate possible benefits resulting from a reduction in the share trading unit size.

(4) Corporate Management Strategies and Challenges

The Matsushita Group aims to achieve, through cutting-edge technologies, global excellence in 2010 by pursuing the two visions of contributing to the realization of a ubiquitous networking society and coexistence with the global environment. The company therefore views fiscal 2006 as critical to the success of the new management plan Leap Ahead 21 for the three-year period ending March 2007. Accordingly, Matsushita will make efforts aimed at achieving the goals of the plan by accelerating growth and building corporate strength.

<Major Activities Undertaken in Fiscal 2005>

As the first year of the mid-term plan, fiscal 2005 was viewed as a time for the company to strengthen management structures within each of the various business domains and implement initiatives that would result in sustainable growth. The following are results achieved in fiscal 2005.

- Matsushita aggressively launched a new line of V-products to capture top shares in high-volume markets and make a significant contribution to overall business results. At the same time, the company strengthened company-wide marketing efforts for these products. Matsushita also increased global sales of digital AV equipment, notably PDP TVs and digital cameras, primarily through simultaneous global product introductions. In home appliances, such products as unique

washer/dryers with a tilted drum and oxygen enriching air conditioners enjoyed steady sales gains in Japan.

- Through collaboration activities with MEW, the two companies unified brands and product designs, opened joint showrooms and introduced a series of Collaboration V-products that incorporate black-box technologies of both companies. Matsushita and MEW also integrated overlapping businesses in the areas of electrical supplies, building materials and equipment, home appliances and industrial equipment, and reformed distribution channels to establish an optimized, customer-oriented operational structure. Through such collaboration, Matsushita will provide customers all over the world with solutions for comfortable living in the home and office.
- The company carried out structural reforms through selection and concentration of management resources into priority areas and restructuring of locations. These reforms were carried out autonomously by each business domain company. Meanwhile, efforts to reduce material procurement costs and other expenses, including a company-wide Cost Busters Project, have enhanced profitability. Matsushita made all-out efforts to reduce inventories, thereby strengthening the company's financial condition.

<Principal Initiatives for Fiscal 2006>

1. Product Strategy

Essential to Matsushita's overall product strategy are V-products. For fiscal 2006 Matsushita intends to continuously develop V-products with emphasis on the creation of black-box technologies, universal design concepts and eco-friendly innovations, with sales expected to reach 1.5 trillion yen in 67 product categories. The company will also expand simultaneous global product introductions to include more models in a wide variety of product categories. Furthermore, Matsushita will promote digital AV equipment such as flat-panel TVs, DVD recorders and digital cameras in global markets, while aggressively marketing unique washer/dryers and other high value-added products.

2. R&D and Intellectual Property Strategies

Matsushita places top priority on becoming a technology- and intellectual property-oriented company, where new products based on proprietary black-box technologies lead to enhanced business results. To this end, the company is concentrating management resources into technologies for the next decade, such as fuel cell co-generation systems and other cutting-edge fields. In fiscal 2006 Matsushita will significantly increase product development speed thanks to the new UniPhier™ system LSI. UniPhier™ is a unified platform that integrates hardware and software for a wide range of digital products.

Matsushita expects this new platform to result in product R&D that is at least five times more efficient than traditional non-platform R&D. Regarding intellectual properties, the company will continue to strengthen the competitiveness of its businesses worldwide by strategically utilizing the results of R&D in the form of patent applications and patent rights on a global basis.

3. Investment Strategy

Matsushita will continue to focus investment into strategic businesses, including semiconductors, particularly advanced system LSIs, which are the key components in digital products, and PDP TVs, for which global demand is expected to increase significantly. In semiconductors, Matsushita is investing approximately 130 billion yen from fiscal 2005 in a new factory for state-of-the-art system LSIs in Uozu, Japan, where operations are expected to begin at the end of 2005. The company is also investing some 95 billion yen from fiscal 2005 in a new PDP factory in Amagasaki, Japan, where operations are expected to begin in autumn of 2005. Including the new factory, Matsushita's total PDP production capacity will increase to 4.8 million units per year by March 2007, thereby further augmenting one of the world's largest manufacturing operations.

4. Overseas Strategy

Matsushita will continue initiatives to strengthen overseas operations, which the company views as a "growth engine" contributing to overall enhanced profitability. China, in particular, is key to achieving growth overseas. In this market, the company aims for sales of approximately 1 trillion yen in fiscal 2007. To achieve this goal, Matsushita is developing and launching high value-added products, placing greater emphasis on sales at high-volume retailers and augmenting the company's IT infrastructures.

5. Collaboration with MEW

Through collaboration with MEW, Matsushita will strategically utilize the management resources of both companies. Specifically, Matsushita will provide customers with solutions for comfortable living through the successive launch of Collaboration V-products and the establishment of a systems solutions business, including security and energy control management, effectively integrating the technologies, products and services of both Matsushita and MEW.

6. Strengthened Management Structure

Matsushita will implement the Next Cell Production Project to improve cost competitiveness, while minimizing inventories, thus strengthening its management structure and increasing profitability through a Second Corporate Cost Busters Project to eliminate redundancies throughout all areas.

(5) Corporate Governance, Concept and Initiatives

1. Corporate Governance Structure

[The Board of Directors and Executive Officer System]

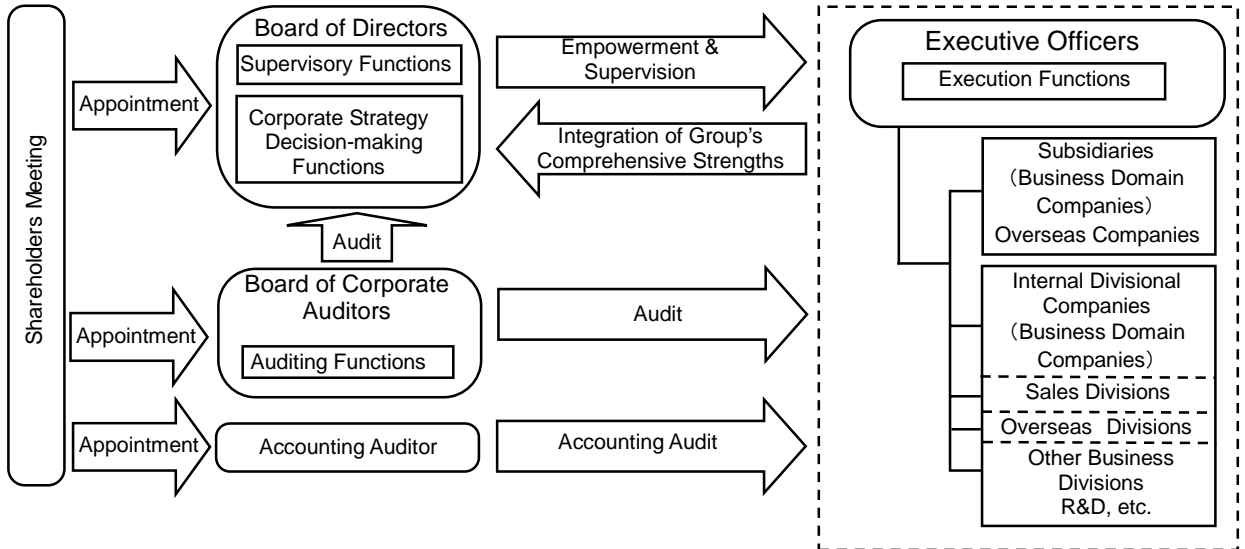
Under its basic philosophy of contributing to society as a public entity, Matsushita has long been committed to enhancing its corporate governance. As such, it was one of the first Japanese companies to invite Outside Directors to serve on its Board of Directors, and also established an Advisory Board comprised of distinguished outside leaders. In fiscal 2004, ended March 2004, Matsushita implemented reforms to establish an optimum management and governance structure tailored to the group's new business domain-based organizational structure. Under the new structure, Matsushita has empowered each of its business domain companies through delegation of authority. At the same time, the company set up an "Executive Officer System" to provide for the execution of business at its various domestic and overseas group companies. This facilitates the development of optimum corporate strategies that integrate the group's comprehensive strengths. In addition, Matsushita realigned the role and structure of the Board of Directors to ensure swift and strategic decision-making, as well as the optimum monitoring of group-wide matters. Specifically, the Board of Directors can now concentrate on corporate strategies and the supervision of business domain companies, while "Executive Officers" handle responsibilities relating to day-to-day operations. Taking into consideration the diversified scope of its business operations, Matsushita has opted to maintain a system where Executive Officers, who are most familiar with the specifics of their respective operations, take an active part in the Board of Directors. To clarify the responsibilities of Directors and create a more dynamic organization, the company has limited the term of each Director to one year.

[Corporate Auditors and the Board of Corporate Auditors]

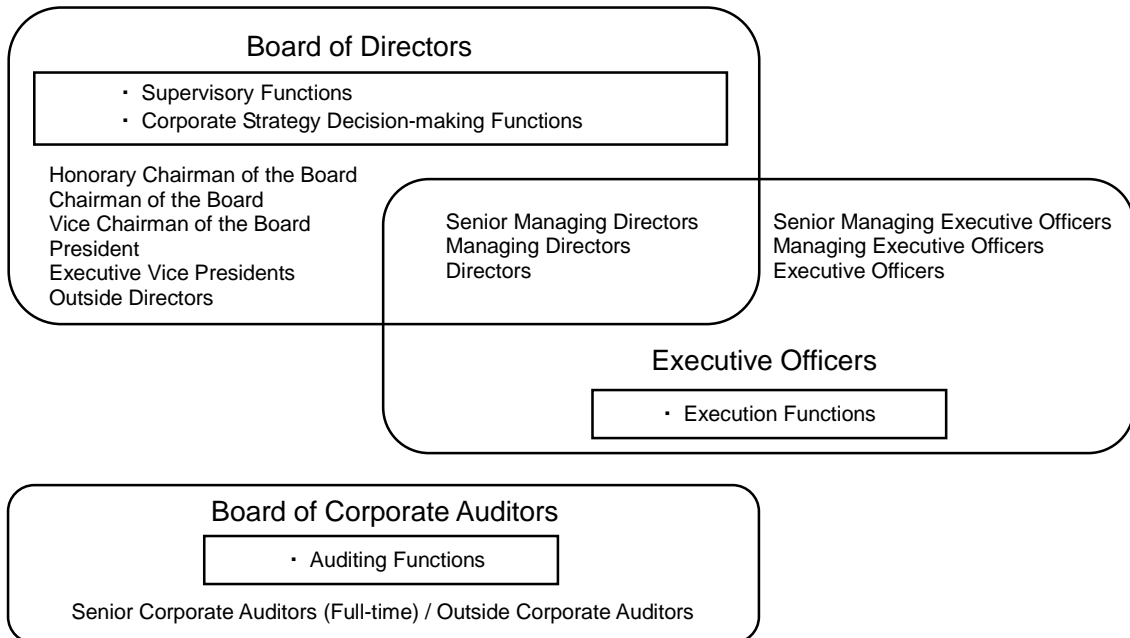
Pursuant to the Commercial Code of Japan and the relevant laws and ordinances, Matsushita has established a Board of Corporate Auditors, which monitors the status of corporate governance and keeps abreast of the day-to-day activities of management, including the Board of Directors. Corporate Auditors participate in shareholder meetings and Board of Directors meetings, and have legal authority to receive reports from directors, employees and accounting auditors. Full-time Senior Auditors also attend important management meetings and conduct checks in order to ensure effective monitoring. To augment the internal auditing functions in business domain companies, Matsushita has assigned "Full-time Auditors" at each internal divisional company. It also inaugurated regular "Group Auditor Meetings" to enhance their collaboration with the Corporate Auditors at Matsushita subsidiaries.

Corporate Governance Structure

<Functions of Board of Directors, Executive Officers, and Board of Corporate Auditors>



<Structure of Board of Directors, Executive Officers, and Board of Corporate Auditors>



2. Internal Control Structure

[Corporate Business Ethics and Compliance]

In 1992, Matsushita formulated its Code of Conduct, a set of guidelines explaining the company's business philosophy in an easy-to-understand manner. After a revision in 1998, the Code was again amended to the Code of Conduct of the Matsushita Group in January 2005, making it more applicable to global- and group-wide operations from the standpoint of corporate social responsibility (CSR). The Code now applies to all Directors, Executive Officers, and employees of the Matsushita Group. Moreover, Directors and Executive Officers in charge of ensuring observance of the code were appointed at each group company. In February 2004, the company established a Code of Ethics for Directors and Executive Officers. Matsushita also set up a Corporate Business Ethics Hotline, enabling employees to get advice on work-related and other matters.

In March 2003, the company established a Corporate Compliance Committee chaired by the President, and composed of Directors and Corporate Auditors. It also compiled an in-house handbook, called the Corporate Compliance Guide, as a concise guidebook explaining the rules and regulations. Matsushita is making concerted efforts to increase awareness of these rules and regulations among all employees. With respect to information security, in January 2004, Matsushita established the Corporate Information Security Division as part of efforts to effectively manage information and ensure the proper education and training of all Directors, Executive Officers and employees.

[Risk Management]

Matsushita faces a wide variety of risks, and continues to reinforce its risk management capabilities accordingly. In April 2005, the company established the Global and Group (G&G) Risk Management Committee, thus reforming the framework for collecting and evaluating risk information across the group on a global basis. Under this framework, the company will establish a risk management committee to undertake the unified collection of risk-related information from each business domain company and regional headquarters. Matsushita will thus continue strengthening risk management to assure swift and appropriate responses to risk.

[Internal Controls over Financial Reporting]

Matsushita has documented appropriate systems and procedures in its operations, from the control environment up to actual internal control activities. In each business domain company, it has appointed "Internal Auditing Managers," who check the compliance status and effectiveness of internal controls. These activities are supervised by the Corporate Internal Auditing Group in order to ensure the reliability of each company's financial reporting. In fiscal 2005, the company

reinforced its internal controls by implementing self-checks and self-assessment programs, in addition to regular internal auditing, in each business domain company.

[Establishment of Information Disclosure Structure and Execution of Accountability]
To enhance transparency and ensure the accountability of its business, the company established the Disclosure Committee, consisting of managers from departments that handle relevant information. The Committee checks the propriety of statements and descriptions in the company's annual securities report submitted to the Japanese regulatory authorities, the annual report on Form 20-F and the annual report for all stakeholders, while confirming the appropriateness and effectiveness of disclosure controls and procedures.

[Accounting Audit]

As of March 31, 2005, the company has a contract with KPMG AZSA & Co., which is in charge of conducting accounting audits of the company.

Names of the certified public accountants in charge of accounting audits of the company and the audit corporation they are employed by are as follows:

Name of certified public accountants in charge of accounting audits of the company	Name of Audit Corporation	Consecutive years of auditing
Designated Partner Engagement Partner Yasumi Katsuki	KPMG AZSA & Co.	1 year
Designated Partner Engagement Partner Masahiro Mekada	KPMG AZSA & Co.	10 years
Designated Partner Engagement Partner Tsuyoshi Takeuchi	KPMG AZSA & Co.	2 years

Accounting audits of the company are performed by 31 certified public accountants, 30 junior accountants and 3 other staff members.

3. Overview of Relationship among the Company, Outside Directors, and Outside Corporate Auditors in regard to Personal, Capital, and Business Relationships

As of March 31, 2005, the company has two Outside Directors and two Outside Corporate Auditors. At present, there are no special interests between the company and those Outside Directors and Corporate Auditors.

4. Policy toward Large-scale Purchases of Matsushita Shares

With the aim of maximizing shareholder value, Matsushita implements shareholder-oriented management. The company established a new policy regarding large-scale purchases of the company's shares in light of the protection of the interests of all shareholders. If a large-scale purchase of Matsushita shares is

to be conducted, Matsushita requires the prospective large-scale purchasers to provide sufficient information and to grant Matsushita's Board of Directors a sufficient period of time to assess the information so provided. The Board of Directors will assess and examine the proposed large-scale purchase for the benefit of all shareholders of Matsushita, and carefully form and disclose its opinion. The Board of Directors will also provide shareholders with information as necessary so that they may make appropriate decisions in regards to the proposed large-scale purchase. In addition, Matsushita's Board of Directors may, as it deems necessary, negotiate with prospective large-scale purchasers to improve the terms of the proposal or offer alternative plans to shareholders.

For further details, see separate press release issued today, "Matsushita Announces Policy toward Large-scale Purchases of Matsushita Shares (ESV Plan)."

(6) Matters concerning the parent company

Matsushita has no parent company.