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FOR IMMEDIATE RELEASE

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ANNOUNCEMENT OF FINANCIAL RESULTS

(Note: Dollar amounts for the most recent period have been translated for convenience at the rate of U.S.\$1.00 = 113 yen.)

MATSUSHITA REPORTS FIRST HALF NET PROFIT INCREASE

- Strong Second Quarter Contributes to First Half Earnings Gains -

Osaka, Japan, October 28, 2005 -- Matsushita Electric Industrial Co., Ltd. (Matsushita [NYSE symbol: MC]) today reported its consolidated financial results for the second quarter and first half, and non-consolidated (parent company alone) results for the first half, ended September 30, 2005, of the current fiscal year, ending March 31, 2006 (fiscal 2006).

Consolidated Second-quarter Results

Consolidated group sales for the second quarter totaled 2,211.0 billion yen (U.S.\$19.57 billion), mostly unchanged from 2,216.5 billion yen in the same three-month period a year ago. Explaining the second quarter results, the company cited sales gains in digital audiovisual (AV) products and MEW and PanaHome. Sales declines, however, were recorded in information and communications equipment, Home Appliances and Components and Devices. Of the consolidated group total, domestic sales were down 4% to 1,109.0 billion yen (\$9.82 billion), from 1,150.1 billion yen a year ago. Overseas sales increased 3%, to 1,102.0 billion yen (\$9.75 billion), from 1,066.4

- more -

billion yen in the second quarter of fiscal 2005. Excluding the effects of currency translation, overseas sales were up 1% from a year ago on a local currency basis.¹

During the second quarter, the overall economic situation in Japan continued a moderate recovery trend, but consumer spending remained weak. Economic conditions in the United States were favorable, with steady growth in housing investment and consumer spending. However, there arose concerns about the prospects of the U.S. economy, including economic effects of recent hurricanes and risks associated with excessive housing investment. Meanwhile, the European economy remained in a relatively severe condition due to sluggish consumer spending. The economy in China maintained high growth, although factors such as overproduction, excessive capital investment and appreciation of the Chinese yuan have led to cautious optimism. The outlook for the global economy is quite uncertain due mainly to the adverse impact of rising crude oil prices on major world economies.

In the electronics industry, although a moderate recovery was achieved through further inventory adjustments of components and devices, a severe business environment continues due mainly to rising raw materials prices and intensified global competition. Under these circumstances, Matsushita is accelerating the implementation of growth strategies and strengthening management structures to achieve its target of an operating profit ratio of 5% or more for the year ending March 2007.

As part of such efforts, the company successfully launched a new series of V-products and promoted the simultaneous introduction of products such as flat-panel TVs in Japan, the United States and Europe, resulting in increased market share. Meanwhile, the company promoted collaboration activities with Matsushita Electric Works, Ltd. (MEW) to launch "Collaboration V-products," such as bathroom systems, which were developed through integrated black-box technologies from Matsushita and MEW. The two companies also established a new marketing organization. Furthermore, to strengthen management structures, Matsushita launched a Next Cell Production Project to achieve further reductions in inventories and improve cost

¹ Sales on a local currency basis is not a measure conforming with U.S. generally accepted accounting principles (U.S. GAAP). However, the company believes that this measure is useful to investors in promoting understanding of the company's business conditions by excluding the influence of foreign currency exchange rate fluctuations.

competitiveness. Also, a Second Corporate Cost Busters Project was launched to enhance profitability by eliminating redundancies throughout the Matsushita group.

Regarding earnings, negative factors such as intensified global price competition and increased raw materials costs, including crude oil prices, were more than offset by comprehensive cost reduction efforts, the effects of restructuring initiatives implemented in the preceding fiscal year and other positive factors. As a result, operating profit² for the second quarter was up 11%, to 125.1 billion yen (\$1.11 billion), from 112.8 billion yen in the same period a year ago. Pre-tax income totaled 87.9 billion yen (\$778 million), up 55% from 56.8 billion yen last year. This improvement was due mainly to a decrease in expenses associated with early retirement programs to 20.6 billion yen (\$182 million), compared with 45.7 billion yen in the previous year's second quarter. Net income increased 33% to 31.0 billion yen (\$274 million), from 23.4 billion yen in the same quarter of the previous year.

Consolidated First-half Results

Combining the second quarter results with those of the first quarter, consolidated group sales for the first fiscal half ended September 30, 2005 decreased 1% to 4,259.2 billion yen (\$37.69 billion), compared with 4,318.5 billion yen in the same six-month period a year ago. Explaining the first half results, the company cited sales gains in digital AV products, such as flat-panel TVs, and MEW and PanaHome. Such gains, however, were offset by sales declines in Components and Devices and JVC. Domestic sales decreased 1% to 2,173.7 billion yen (\$19.24 billion), while overseas sales were also down 1% to 2,085.5 billion yen (\$18.45 billion). Excluding the effects of currency translation, overseas sales decreased 2% from a year ago on a local currency basis.

For reasons similar to those given for second quarter results, the company's operating profit for the first fiscal half increased 9% to 171.1 billion yen (\$1.51 billion), from 156.3 billion yen in the comparable period a year ago. Pre-tax Income for the six-month period increased 12% to 154.1 billion yen (\$1.36 billion), compared with 137.3 billion yen a year ago. In other income (deductions), the company recorded a 10.3

² For information about operating profit, see Note 2 of Notes to consolidated financial statements on page 16.

billion yen gain from the sale of shares of Matsushita Leasing & Credit Co., Ltd. (MLC),³ and incurred 20.8 billion yen as expenses associated with the implementation of early retirement programs. Net income was also up 15% to 64.4 billion yen (\$570 million), as compared with 56.2 billion yen in the first half of the previous year. The company's net income per common share was 28.82 yen (\$0.26) on a diluted basis, versus 24.26 yen in the first half of last year.

Consolidated First-half Sales Breakdown by Product Category

The company's first-half consolidated sales by product category, as compared with prior year amounts, are summarized as follows:

AVC Networks

AVC Networks sales totaled 1,747.4 billion yen (\$15.46 billion), mostly unchanged from 1,746.0 billion yen in last year's first half. Sales of video and audio equipment increased 2% from the previous year's first half, because favorable sales in digital AV products such as flat-panel TVs and digital cameras exceeded declines in audio equipment and CRT TVs.

In information and communications equipment, the company recorded strong sales of PCs and automotive electronics, but sales downturns in cellular phones, facsimile machines and other products led to a 1% decrease overall.

Home Appliances

Sales of Home Appliances decreased 5% to 578.4 billion yen (\$5.12 billion), compared with 609.4 billion yen in last year's first half. Although domestic sales of air conditioners were favorable, sales declines in compressors and household equipment resulted in overall lower sales.

Components and Devices

Sales of Components and Devices were also down 9% to 531.0 billion yen (\$4.70 billion), compared with 582.5 billion yen in the same period of the previous year. Sales of semiconductors and general components decreased from last year's first half, although overseas sales increases were recorded in batteries.

³ For information about the sale of shares of MLC, see Note 3 of Notes to consolidated financial statements on page 16.

MEW and PanaHome

Sales of MEW and PanaHome increased 6% to 752.4 billion yen (\$6.66 billion), from 711.6 billion yen last year. At MEW and its subsidiaries, sales gains were recorded in electrical construction materials, due mainly to strong private capital investment, and sales of automation controls increased due to favorable sales in equipment for IT terminals. Meanwhile, sales gains at PanaHome Corporation were recorded in rental apartment housing and home remodeling.

JVC

Sales for JVC (Victor Company of Japan, Ltd. and its subsidiaries) totaled 333.7 billion yen (\$2.95 billion), down 6% from 354.2 billion yen in the first half of the previous year. This result is due primarily to sluggish sales of consumer-use products overseas.

Other

Sales for Other totaled 316.3 billion yen (\$2.80 billion), slightly up compared with the first half of the previous year. Sales increases in factory automation equipment were recorded in the Japanese domestic market and overseas within this category.

Non-Consolidated (Parent Company Alone) First Half Results⁴

First-half parent-alone sales increased 5% to 2,176.1 billion yen, from 2,071.3 billion yen in the same six-month period a year ago. Sales increases were recorded in AVC Networks, as well as MEW products, due mainly to collaboration activities with MEW.

Regarding parent-alone earnings, operating profit totaled 59.8 billion yen, up slightly from the previous year's first half. This increase was realized mainly by sales gains and various comprehensive cost reduction initiatives, despite price declines. Recurring profit increased 36% to 92.5 billion yen, from 68.1 billion yen in the previous first half. In addition to operating profit, the increase in recurring profit was attributable to dividend income from subsidiaries and provisions for losses on investments. Parent-alone net income also increased, up 90% to 95.7 billion yen, from 50.4 billion yen in the

⁴ Non-consolidated (parent company alone) results are in conformity with Japanese generally accepted accounting principles.

first half of last year, including a 21.0 billion yen gain from the sale of shares of a subsidiary and a 27.1 billion yen loss from restructuring.

Consolidated Financial Condition

Net cash provided by operating activities in the fiscal 2006 first half amounted to 192.0 billion yen (\$1.70 billion). This was attributable to cash inflows from net income and depreciation, despite increased inventories caused by seasonal factors such as year-end sales. Net cash provided by investing activities amounted to 274.4 billion yen (\$2.43 billion). Capital expenditures for tangible fixed assets of 196.5 billion yen, mainly consisting of manufacturing facilities for priority business areas such as plasma display panels (PDPs) and semiconductors, were offset by cash inflows associated with the sale of shares of MLC. Net cash used in financing activities was 189.4 billion yen (\$1.68 billion). Major factors included a repurchase of the company's common stock and the repayments of long-term debt. All these activities resulted in cash and cash equivalents of 1,455.7 billion yen (\$12.88 billion) at the end of the fiscal 2006 first half.

The company's consolidated total assets as of September 30, 2005 increased by 33.1 billion yen as compared with the end of the last fiscal year (March 31, 2005), to 8,090.0 billion yen (\$71.59 billion). The increase was due mainly to the increased inventories caused by the aforementioned seasonal factors. Stockholders' equity increased 81.9 billion yen, as compared with the end of the last fiscal year, to 3,626.1 billion yen (\$32.09 billion) as of September 30, 2005. This was primarily attributable to increases in retained earnings and accumulated other comprehensive income, despite an increase in treasury stock on continued repurchases of the company's own shares.

Interim Dividend

The Board of Directors of the company voted today to distribute an interim (semiannual) cash dividend of 10.00 yen per common share to shareholders of record on September 30, 2005, payable November 30, 2005. This is an increase from last year's interim dividend (7.50 yen), based on a new policy for profit distribution to shareholders (see pages 25-26).

Year-end Dividend

The Board of Directors of the company also voted today in favor of a plan to propose a year-end cash dividend of 10.00 yen per common share (payable to shareholders of record as of March 31, 2005) subject to approval at the company's ordinary general meeting of shareholders to be held in June 2006. If implemented, total dividends for fiscal 2006, including the aforementioned interim dividend of 10.00 yen per common share, will be 20.00 yen per common share (see pages 25-26).

Outlook for the Full Fiscal Year 2006

The company expects the future business environment to remain quite uncertain in the second half of fiscal 2006, with price increases in crude oil and other raw materials and continuing price declines due to fierce global competition. Considering these conditions, the forecast for the full fiscal year 2006, ending March 31, 2006, remains unchanged from the forecast announced on April 28, 2005.

Matsushita Electric Industrial Co., Ltd., best known for its Panasonic brand products, is one of the world's leading manufacturers of electronic and electric products for consumer, business and industrial use. Matsushita's shares are listed on the Tokyo, Osaka, Nagoya, New York, Euronext Amsterdam, and Frankfurt stock exchanges.

For more information, please visit the following Web sites:

Matsushita home page URL: <http://panasonic.co.jp/global/>

Matsushita IR Web site URL: <http://ir-site.panasonic.com/>

Disclaimer Regarding Forward-Looking Statements

This press release includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934) about Matsushita and its Group companies (the Matsushita Group). To the extent that statements in this press release do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Matsushita Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Matsushita Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Matsushita undertakes no obligation to publicly update any forward-looking statements after the date of this press release. Investors are advised to consult any further disclosures by Matsushita in its subsequent filings with the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

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 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 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.

(Financial Tables and Additional Information Attached)